

REPUBLIC OF KENYA



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REPORT	
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THE AUDITOR-GENERAL

ON

NATIONAL MUSEUMS OF KENYA

**FOR THE YEAR ENDED
30 JUNE, 2021**

NATIONAL MUSEUMS OF KENYA



NATIONAL MUSEUMS OF KENYA

WHERE HERITAGE LIVES ON

NATIONAL MUSEUMS OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021

Prepared in accordance with the Accrual Basis of Accounting Method under the International
Public Sector Accounting Standards (IPSAS)

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The National Museums of Kenya is a State Corporation established by an Act of Parliament, National Museums and Heritage Act (CAP 216) domiciled and incorporated in Kenya. The establishment, functions and powers of the body corporate as stipulated in the Act.

(b) Principal Activities

The principal activities of National Museums of Kenya are:

- i. Identification and documentation of national and world heritage sites, national heritage monuments including collections therein, taxonomy of plants and animals of national importance, hotspots- ecosystems, historical and ethnographical materials of national importance, archaeological and paleontological objects, ethno-biology (indigenous and traditional knowledge) of national importance and intangible heritage of national importance
- ii. Repository of reference collections of plants and animals of national, regional and international importance including DNA reference library, living collections of plants and animals, collections within national monuments, historical and ethnographical reference collections and those of national importance, archaeological and paleontological things, ethno-biology (indigenous and traditional knowledge)-Intangible Heritage of national importance
- iii. Protect and conserve heritage sites of national and world importance, national monuments including collections therein, historical and ethnographical collections of national importance, archaeological and paleontological things, indigenous and traditional knowledge, plants and animals of national importance
- iv. Transmit knowledge on taxonomy of plants and animals of national importance, hotspots- ecosystems, heritage site national and world heritage, national monuments including collections therein, historical and ethnographical collections of national importance, archaeological and paleontological things, ethno-biology (indigenous and traditional knowledge) of national importance through publications, public programmes and national exhibitions
- v. Research on taxonomy of plants and animals of national importance, hotspots- ecosystems, heritage sites national and world heritage, national monuments including collections therein, historical and ethnographical of national importance, archaeological and paleontological things, ethno-

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biology (indigenous and traditional knowledge) of national importance, behavioural sciences, Swahili language and connection to ancient and historical

- vi. International obligations: scientific authority and focal point for biological conventions (e.g. CITES, RAMSAR, Convention on Migratory species, CBD-specific thematic areas, IPBES). Management Authority – e.g. UNESCO World Heritage Convention, 1972 and heritage management development services

Our Mission

To promote conservation and sustainable utilization of national heritage through generation, documentation and dissemination of research and collection management knowledge, information and innovations.

Our Vision

To be a global leader in heritage research and management.

(c) Key Management

The entity's day-to-day management is under the following key organs:

- a. Director General's Office (Chief Executive Officer)
- b. Directorate of Museums, Sites and Monuments (DMSM)
- c. Directorate of National Repository and Research (DNRR)
- d. Directorate of Administration and Human Research (DAHR)
- e. Institute of Primate Research (IPR)

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibilities were:

No.	Designation	Name
1.	Director General	Dr. Mzalendo N. Kibunjia (CEO)
2.	Director DASM	Dr. Purity W. Kiura
3.	Director DNRR	Prof. Mary Gikungu
4.	Director IPR	Dr. Hastings Ozwara
5.	Director Admin & HR	Mr. Stanvas O. Ongalo

(e) Fiduciary Oversight Arrangements

Board Committees

The Board has three standing committees, which meet regularly under the terms of reference set by the Board. In addition, there are two adhoc committees; one for conducting interviews of senior staff and the other is on Rules and Regulations of the Heritage Act.

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i. Audit Committee

This committee reviews the integrity of financial statements and financial performance, compliance with accounting standards and maintaining of oversight on internal control systems. The Director General, Director Administration and Human Resources and Financial Controller may attend meetings of the committee on invitation.

ii. Finance and Establishment committee

This committee is responsible for Monitoring and appraising the performance of senior management, review of all human resources policies, finances, budget and institutional (physical and infrastructural development).

iii. Research Committee

This committee deliberates on all matters pertaining to Research policy and Management.

iv. Ad hoc Committees

There is an Adhoc committee, which is the interview panel. This committee deals with interviews for recruitment of the senior staff.

There is an Adhoc committee on the National Art Gallery of Kenya project,

(f) Entity Headquarters

National Museums of Kenya Headquarters
Museums Hill Road
P.O. Box 40658-00100
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 3742161/4
E-mail: info@museums.or.ke
Website: www.museums.or.ke

(h) Entity Bankers

- i. Kenya Commercial Bank
Sarit Centre, Westlands Branch
P.O. Box 14959
Nairobi, Kenya
- ii. Standard Chartered Bank of Kenya
Westlands Branch
P.O. Box 14438
Nairobi, Kenya.

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(i) Independent Auditors

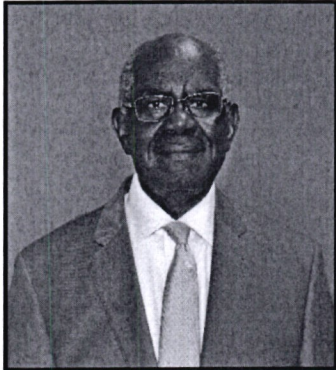
Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

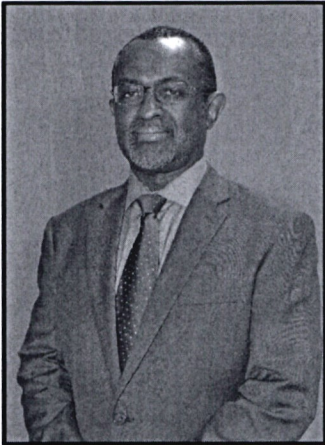
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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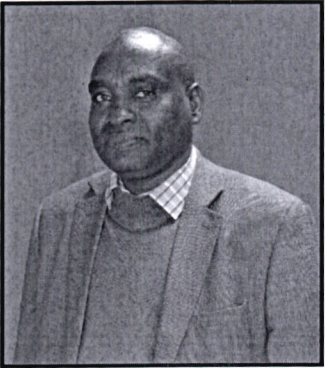
II. THE BOARD OF DIRECTORS

	Chairman Board of Directors Hon. David Musila, MGH, Chairman of National Museums of Kenya Board of Directors, born on 24th February 1943, holds a BA honours Degree in Economics and Government from Bishop College, Texas in 1968. Formerly a Member of Parliament for Mwingi South Constituency (1998-2013) and Deputy Speaker of the National Assembly of Kenya (2003-2007). Senator for Kitui County (2013-2017). Held various positions in Public Service between 1974-1985. Was Assistant Minister of State for Defence (2008-2013). He served as Provincial Commissioner, Central Province of Kenya 1979-1985.
	Vice Chairperson Board of Directors Ms. Mary Mumbua Mbiu Mutinga, Vice Chairperson of National Museums of Kenya Board of Directors, born on 3rd August 1962, holds a Bachelor's Degree in Education and Counselling. Currently she is the Managing Director of Mwangaza General Supplies and Contractors Limited, Machakos. Served as Chairperson, Maendeleo ya Wanawake Organisation (2006-2012). Chairperson Primary Health Care Machakos Level Five Hospital (2010-2011). Social worker at ADRA Kenya (1986-1990)

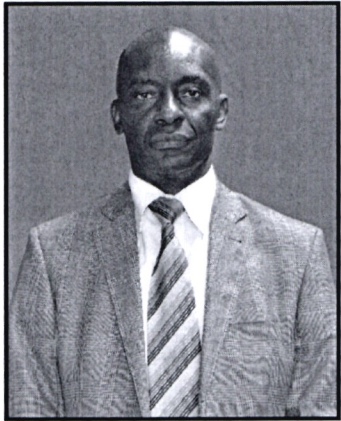
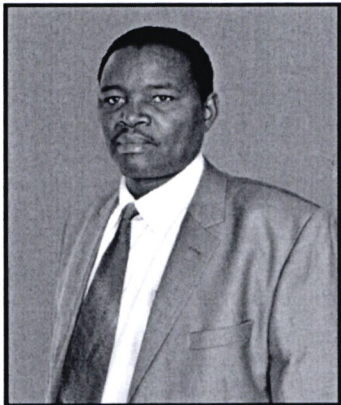
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	Board Member Mr. Anthony Peter Wainaina Kamau, born on 7th November 1964, holds a Bachelor of Science in Agricultural Economics and Masters in Business Administration. He is Managing Partner at Fanisi Capital. Former CEO of Centum Investment Company and Trans-Century. He also served as Resident Vice President, Corporate Finance at Citibank NA, and as a management consultant at Price Waterhouse. He has chaired several boards, founder of Origins Investment Group Advisors and author of the first ever-authoritative book on investment groups in Kenya.
	Board Member Hon (Dr.) Njogu Barua born on 12th May 1962 holds a Doctor of Philosophy (PhD) in Entrepreneurship from Jomo Kenyatta University of Agriculture and Technology (JKUAT). Master of Science in Entrepreneurship from JKUAT. Master of Science in Chemistry (UoN), Post Graduate Diploma in Mass Communication (UoN) and Bachelor of Science (Hons) in Chemistry from the University of Nairobi. He is currently a Lecturer at JKUAT and has previously served as a Member of the National Assembly for Gichugu Constituency in Kirinyaga County (2013-2017), Lecturer / Publications Editor in the Department of Architecture and Building Science of the University of Nairobi, Kenya Literature, and Kenya Wildlife Service (KWS) among others. His areas of expertise include Entrepreneurship and Business Management, Corporate Governance, Sustainable Development, Environmental Management, and Journalism (Mass Communications).

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	Board Member Mr. John Nderitu Mwangi, born on 20th October 1965. PhD in Economics ongoing at the University of Nairobi. Holds an MSc in Entrepreneurship from JKUAT, Post Graduate Diploma in E.C. Competition Policy & Law, Kings College-University of London and BA (Economics and Business Studies from Kenyatta University. He has attended various management courses including Strategic Leadership at the Kenya School of Government, Corporate Governance and Risk Management. He is a Principal Economist in the Directorate of Budget, Fiscal and Economic Affairs of the National Treasury. He is also the Secretary to the Competition Tribunal of Kenya. He has served in several national and regional committees in Economics Policy & Competition Policy.
	Board Member Mr. Joseph Ole Simel born on 16th October 1968. Holds Advanced Diploma in Project Planning and Management, Diploma from Catholic University of East Africa and Diploma in Sales and Marketing from Institute of Commercial Management. Founder member of Mainyoito Pastoralist Integrated Development Organization (MPIDO) and MPIDO Executive Director to date.

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	Board Member- Alternate to Principal Secretary Ministry of Sports Culture and Heritage Mr. Charles Onyango Wambia was born on 30th March 1965, holds a Master's in Public Policy and Administration (Kenyatta University), Masters of Business Administration (MBA) Moi University, a Diploma in Finance (KCA University), and Bachelor of Arts (Hons) (UoN). Trained on Casino Finance and Regulations at Atlantic University Collage (USA). He's CPS finalist. Currently the Director of Administration at the State Department of Culture and Heritage, Ministry of Sports, Culture and Heritage. Previously worked at the State Department for Correctional services as Ag. Director of Administration and Director of Gaming in Betting Control and Licensing Board. Has knowledge in management, Gaming Regulation, Governance and company secretariat.
	Board Member Professor Ephraim Wachira Wahome, department of History and Archeology, University of Nairobi. Born on 9th October 1959. Doctor of Philosophy (PhD) in Archeology - Australian National University, M.A. university of Calgary, Canada and B.A. University of Nairobi. Specialization - Heritage Conservation

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	Board Member Ms. Fleur Arabelle Ng'weno, born on 3rd June 1938 holds a Bachelor degree in Conservation, University of Michigan Ann Arbor, Michigan, USA. Currently, an Editor, Author and Naturalist. She has 40 years' experience in editing publications. Present position: Hon. Secretary, Nature Kenya – the East Africa Natural History Society.
	Board Member Mr. Elisha Kibacia Gatu, born on 2nd November 1951. Bachelor of Education in Fine Art, University of Nairobi. Founder member of the Artists' Cafeteria, and member of the Paa Ya Paa art Centre. Has practiced art in Kenya Zimbabwe and Tanzania with keen interest in East African Art & Culture. Currently experimenting with "Painting with Beads" as a colour medium. Actively, involved in community work, the Church and is the Executive Director Schizophrenia Foundation of Kenya, a community based organization helping with issues of Mental Wellness.
	Secretary to the Board Mr. Mzalendo Nyaga Kibunjia, EBS, born on 13th January 1962, holds a Ph.D. and MA in Anthropology from Rutgers, The State University New Jersey, USA and a BA in Archaeology & History from the University of Nairobi, Kenya. From 2009 to 2014 he was the founding Chairman of the National Cohesion and Integration Commission. He is an Executive Director, has rich experience in heritage, anthropology, language, and was an external examiner in various Universities including University of Nairobi, Kenyatta and University of Dar es Salaam. Dr Kibunjia is a full Member of Institute of Directors, Kenya (IOD-Kenya).

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III. MANAGEMENT TEAM

	Dr. Mzalendo Nyaga Kibunjia, EBS holds a Ph.D. and MA in Anthropology from Rutgers, The State University, New Jersey, USA and a BA in Archaeology and History from the University of Nairobi, Kenya. He has rich experience in heritage, anthropology and language. Member Institute of Directors (IOD). Currently, Chief Executive Officer and Director General. Responsible for the operational running of the organization to ensure that the mission is achieved and efficacy of the organization is optimized. The Director General chairs and supervises the Directors Executive Team (D.E.T)
	Mr. Stanvas Opija Ongalo holds a Masters' degree in Business Administration from Moi university, Bachelor degree in Government Administration, a Higher National Diploma in Human Resource Management and a Senior Management Certificate in Human Resource and Management. Currently, Director Administration and Human Resource responsible for human capital, planning, recruitment, development, performance management, reward and wellness. Also responsible for harmonious employee relations, management of all organizations' logistics, fleet and facilities.

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Prof. Mary Gikungu holds a PhD in Natural Science and Mathematics (University of Bonn, Germany), M.Sc. in Conservation Biology (University of Nairobi) and Bsc in Botany and Zoology (University of Nairobi). She has published over 40 papers in peer-reviewed journals.

Currently, Director, National Repository and Research. She is a renowned Bee Specialist and a Conservation Biologist with wide experience in ecosystem services, climate change, environmental health and food security.

She is a Lead Author (LA) in Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES), member of Platform for Agricultural Research (PAR) –under FAO and a Mentor in African Women in Agricultural Research and Development (AWARD). In addition, she has been a Council Member of Kibabii University.



Purity Kiura holds a PhD in Anthropology from Rutgers University, New Jersey, MA in Anthropology and a BSc in Anthropology from Rutgers University, New Jersey.

Director of Antiquities Sites and Monuments.

Responsible for management of all Antiquities Sites and Monuments.

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Hastings Ozwara holds PhD in Malaria, from Radboud University, Netherlands, MSc in Parasitology, University of Nairobi and BSc in Zoology, University of Nairobi.

Director of Institute of Primate Research

Responsible for the operational running of the Institute



Mr. Metrine Wakhungu is an advocate of the High Court of Kenya and member of the Law Society of Kenya admitted to the Kenyan bar in 2004. She holds a Master of Laws Degree (LL.M), (specialty in Law Governance and Democracy) and Bachelor of Laws Degree (LL. B), both from the University of Nairobi.

She also holds a postgraduate diploma in Law from the Kenya School of Law and a Diploma in Human Resources Management from the Kenya Institute of Management. She is the legal advisor to the NMK Board of Directors and management and responsible for Board secretariat services.

She advises on legal and statutory compliance requirements as well as on good corporate governance practices.



Mr. Geoffrey Namachanja is a graduate of Business Management (Finance Option) and holds a Bachelor of Business Management (Accounting option) from Moi University, Certified Public Accountant of Kenya and a member of Institute of Certified Public Accountants of Kenya.

Certified Trainer of Trainers by Centre for Parliamentary Studies and Training (CPST).

The Financial Controller is responsible for the organizations' finances and financial reporting. In-charge of planning, sourcing and management of financial resources to achieve corporate objectives.

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IV. CHAIRMAN'S STATEMENT

The National Museums of Kenya (NMK) is one of the leading tourist attractions in Kenya. Unfortunately, its activities have been adversely affected heavily by the Covid-19 pandemic. During this period, both the Board and Management continued to play a significant role in nurturing and cultivating the spirit of Heritage research and preservation through curation of our tangible and intangible heritage. As the Chairman of NMK Board, I will continue to guide the team to make NMK an excellent place where *'Heritage lives on'* for Kenyans and the world.

Through focused fundraising efforts, NMK has secured funding from the Sports, Arts and Social Development Fund to a tune of Kshs. 208, 064,692 for restoration works and operations as shown below:

- i. The Kshs. 117,027,100 for backfilling of Fort Jesus Sea Wall, Mombasa County.
- ii. The Kshs. 37,000,000 for construction and installation of cages at Institute of Primate Research, Nairobi County.
- iii. The Kshs. 44,521,292 to cater for operations and maintenance
- iv. The Kshs. 9,516,300 to cater for Coastal land survey.
- v. The Kshs. 64,133,600 for restoration of Vasco Da Gama Pillar, Malindi, Kilifi County

This funding will greatly enable us restore our monuments and mausoleums that are of great historical significance in Kenya and upgrade the cages at the Institute of Primate Research. The Vasco Da Gama Pillar base had undergone extreme deterioration and could lead to the collapse of the pillar to the Ocean. I take this opportunity on behalf of my Board, to thank the Board and Management of the Sports Fund for the support they gave us, without which we would not have been able to achieve much.

It is a fact that our sites and monuments continue to tell the Kenya story to the world, serve as a source of civic pride, and act as a focal point for our communities. The

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aesthetic enjoyment gained from our statues is priceless and this is why a legacy of pristine management of our national heritage is close to my heart.

During this period, My Board prioritized and encouraged safe working practices amongst my researchers and scientists at NMK. In this regard, an initiative of replacing the Natural Science block asbestos roofing was a priority and was completed during the year under review. With the availability of funding, it is now a reality as the poisonous asbestos roofing were removed and replaced with modern roofing solutions.

In addition, the Government of Kenya identified and designated the Institute of Primate Research (IPR) a Directorate under NMK as a testing and research hub for SARS Corona-19 Virus. The Directorate was able to establish a Covid-19 Centre that helped to carry out the tests to support the Ministry of Health in Covid-19 efforts, through molecular detection, testing and generation of data.

Finally, on behalf of the NMK Board of Directors, I commend the NMK management and staff for their commitment and dedication to the ideals of NMK which has no doubt enabled the institution to continue carrying out its mandate, despite the huge challenges paused by the COVID19 pandemic. May the Almighty God continue to guide us as we serve our beloved country.


Hon. David Musila, MGH

Chairman Board of Directors

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V. DIRECTOR GENERAL'S STATEMENT

The National Museums of Kenya (NMK) is a public corporation that is composed of 28 museums and 340 monuments distributed in all the 47 Counties. Its Heritage resources are a major attraction in Kenya for both Domestic tourists and International travelers particularly those that are Heritage, Science and Art enthusiasts. Unfortunately, because of the onset of COVID 19 pandemic made us to close all doors to all our Museums and Monuments occasioning a huge financial deficit that we are struggling to plug. This period has been a season for reflection for the Board of Directors, Management and Staff on how to manage our institution and serve the public adequately post Covid-19 pandemic. We have since then reopened our Museums, Sites and Monuments for our visitors with strict adherence to Ministry of Health COVID- 19 pandemic safety guidelines. The number of visitors so far is quite low

Before the pandemic as an institution, we have had a busy year at NMK albeit the obvious challenges facing Museums around the World. This statement comes in the midst of major crisis never before witnessed in over 100 years of National Museums of Kenya existence. The onset of Covid-19 pandemic has severely affected the operations to a point where our services are grounding to a halt. National Museums of Kenya over the years has been funding its internal operations and maintenance expenses through internally generated revenue. This amount has averaged between Kshs. 250 to 300 million annually.

As a result of the effect of Covid-19 pandemic which has included cessation of international travel, closing of the schools, closing of Museums galleries, sites and monuments, our revenues have drastically declined to Kshs. 101 million compared to the approved budget estimate of Kshs. 300 million. It is for this reason that the National Museums of Kenya Board of Directors and Management are making a plea to The National Treasury for a bailout package of Kshs.609 million that include payment of Contracted services such as security, cleaning services, garbage collection among others;

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and to cater for conservation of the World Heritage collections held at the National Museums of Kenya, and restoration of sites and monuments. If this package does not come through, the Collective Memory of the Nation will be lost which will not only be a tragedy for Kenya but the whole World.

In the coming year, the National Museums of Kenya may not be able to collect and realize its internal revenue targets due to the mutating pandemic that is now in its 4th variant and indeed several countries have banned international travel to Kenya.

I am delighted to report that we received some support from Sport, Arts and Social Development Fund for development and managed to complete the Kshs.64 Million Vasco Da Gama Pillar Sea wall project. This project was aimed at protecting the Vasco Da Gama Pillar from effects of climate change occasioning rise of sea levels. The pillar is now secure from the strong waves of the Indian Ocean that had caused the cliff from which Vasco Da Gama Pillar stands on to erode over the years threatening it to collapse into the ocean.

NMK is also exploring ways to put all our Research and Heritage Assets on line to take advantage of the evolving frontier of virtual access tourism. It requires a bit of investment and it is for that reason we are partnering with players such as Google, Amazon, Digital Divide and others to deliver this new service to all our audience and visitors.

In addition, in order to remain relevant and to continue to be an active player in government business, NMK has revised its Strategic Plan and aligned it to the Big 4 and Vision 2030 National Agenda. The 2020-2022 Strategic Plan continues to underscore that the greatest resource to the success of this great Research Institution are my staff. The selfless dedication of the NMK board, Management and Staff towards NMK achieving and maintaining our world-class status as a Museum is greatly appreciated.



Stanvas Ongalo

Ag. Director General
Date: 9th May 2022

VI. NATIONAL MUSEUMS OF KENYA ORGANIZATIONAL ENTITY'S PERFORMANCE FOR FY 2020/2021

National Museums of Kenya has 3 strategic pillars and 8 objectives within its Strategic Plan for the FY 2020/2021-2022/2023. These strategic pillars are as follows:

- i. Pillar 1: Sustainable Heritage Development and Management
- ii. Pillar 2: Innovative Research
- iii. Pillar 3: Sharing of Knowledge

NMK develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. NMK achieved its performance targets set for the FY 2020/2021 period for its 3 strategic pillars, as indicated in the table below:

NMK's Strategic Pillars and Objectives

Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 1: Sustainable Heritage Development and Management	Enhancing innovative and sustainable research, development, preservation, conservation, modernization and access to antiquities, sites and monuments for the benefit of the country humanity.	101 Sites identified in 47 Counties	Identify two key sites/monuments in each of the 47 counties to empower communities to economically benefit from the sites	Identification of the key sites/monuments had been done in the previous FY
		101 sites interpreted and information materials developed	Research and document historical significance of each of the 101 site/monument, including 7 World Heritage Sites and gazette any of the site/monuments that have not been gazette.	Research and documentation of the sites' historical significance had been done
		1 coffee table book published, and 47 sites integrated into tourism circuits	Develop a coffee table book and tourism circuits for 101 Sites and monuments	This activity has not been done

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		100% digitization of museums, sites and monuments	Develop a digital programme for digitization of museums, sites and monuments	Digitization of collections at Jumba and Mnarani was planned to take place. However, this target is yet to be achieved as the Principal Investigator responsible for the project was not able to travel from South Africa as planned, due to the Covid 19 pandemic. The process of digitization will commence as soon as the identified digitizing team is able to travel from South Africa, beyond the FY 2020/21.
		50 NMK staff and identified 7 local communities trained	Train 50 NMK staff and 7 communities in digital heritage monitoring	Training of staff and communities in digital heritage monitoring was dependent on the digitizing team which is yet to travel from South Africa as a result of the Covid 19 travel restrictions.
		3 underutilized sites and monument developed and opefor economic potential	Mapping out the economic potential of 3 underutilized sites & monuments	Mapping out the economic potential of 4 underutilized sites: Shimoni slave caves, Siyu Fort, Jumba ruins and Kongo mosque was done
		100% art works mounted on the NMK boundary wall and signage within NMK campus improved	Design, develop and mount art works on the NMK boundary wall and improve signage within NMK campus for branding improving image of NMK	4 art works developed and mounted on the NMK wall boundary. The target was 4 and was well achieved. This was part of the programme that saw wall arts mounted on different walls across the country

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		Complete identification of institutions and individuals holding Kenya's artefact unlawfully	Identify international institutions and individuals holding Kenya's artefact unlawfully as well as identify the artefacts/collections	Target was well achieved. The identification of museums in Europe holding Kenya's artifacts was done and a data base of the artifacts developed. An exhibition to create awareness on this also took place.
		100% completion of backfilling and restoration of phase II of Fort Jesus Sea wall	Develop designs, BQs and undertake backfilling and restoration of Phase II of Fort Jesus Sea Wall	As at 11 th June 2021, the overall status of work was 65% complete against an elapsed contract period of 102%. The contractor has prepared a revised works completion programme to speed up progress and has committed to have the work completed by July, 2021.
		100% rehabilitation of 12 Sites and mausoleums linked to national heroes	Repair, interpret and develop programs around 12 sites and mausoleums linked to national heroes	8 sites and mausoleums linked to national heroes rehabilitated.
		25 temporary exhibitions, 2 permanent exhibitions, 30 educational and public programmes and 2 cultural festivals	Conceptualize and actualize 25 temporary exhibitions, 2 permanent exhibitions, 30 educational and public programmes and 2 cultural festivals	Only one festival was held, the Rusinga cultural festival in December 2020. Malindi and Nairobi cultural festivals were planned but failed to kick off because of the Covid 19 pandemic. 18 temporary exhibitions and 50 interactive public programmes done

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		100% development of STEM Curriculum, Lab and 3 festivals	Develop STEM curriculum as well as establish 1 STEM laboratory and 3 STEM Festivals at NMK for promotion of innovation in STEM	STEM curriculum was developed. The laboratory was not established due to lack of funds. The festivals too did not take place successfully due to Covid 19. One was organized for June 2021 but got poor response forcing the team to move it to July 2021.
		A concept paper and designs for the National Art Gallery of Kenya approved 50% of identified stakeholders engaged	Conceptualize, prepare design and engage stakeholders to develop a National Art Gallery of Kenya (NAGOK) to empower and promote the creative industry	The concept paper was prepared and submitted to the Ministry in 2020. NMK is still awaiting feedback
		A feasibility study and business plan completed	Undertake feasibility and business studies for NAGOK	Not done, awaiting feedback from the Ministry
		1 Mashujaa travelling exhibition and 1 outreach programme	Develop 2 Mashujaa travelling exhibition and 1 outreach programme to celebrate Kenya's heroes and target new audiences	3 digital exhibitions developed within the FY ('Utamaduni wetu exhibition'; Abasuba pictorial exhibition; Shujaa stories: 21 superheroes of Kenya)
		KHTI actualized and training initiated	Actualize KHTI through registration, development of curriculum and agreements with relevant stakeholders	Activities well achieved. Registration and curriculum development were done in 2019/2020
		KHTI and Swahili Pot enhanced with 3 digital programmes in heritage management for youth	Develop 3 digital programmes with the youth at KHTI and Swahili Pot for heritage management and promotion	Not achieved due to Covid 19

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		Nine (9) NMK Staff and 60 externals trained, and 3 annual curators meeting held	Train 9 NMK Staff and 60 externals in in museology studies for skills development and hold curator's annual meeting each year	Curator's meeting did not take place due to the pandemic. 20 externals (from KDF) trained on heritage management
		1 underwater heritage site developed, and 15 youth trained	Develop and map one (1) underwater heritage site and train 15 youth for promotion of underwater heritage tourism in the Blue Economy	1 Underwater heritage site, Ngomeni Shipwreck, mapped and gazetted as a national monument. 2 youths trained in collaboration with UNESCO
		Preparation of Gede historical site on a World heritage list. Borana Conservancy extended onto Kenya World Heritage list	Undertake research and prepare nomination dossiers for Gede and Borana Conservancy for listing and extension onto the World heritage list	Though activities on this target began in Q1, Covid 19 situation in the country affected its full achievement. Reports have been generated towards the ultimate objective, but these are still pending further discussions. NMK shared cultural and biodiversity reports with the Borana Conservancy for study. Workshops to further discuss the listing and extension have been planned for late this year.

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		2 training workshops and 2 seminars held and 100 trained	Hold a training workshop and a seminar in underwater heritage management every year, revise Kenya's tentative list to World Heritage List, engage with other stakeholders in ratification of both the Conventions on protection of underwater heritage and illicit trafficking of cultural objects, attend and actualize obligations of World Heritage especially annual reports and UNESCO meetings and reporting procedures	Underwater heritage: One virtual conference on management of underwater cultural heritage took place. 5 youths trained
		1 title deeds secured and 1 site fenced	Initiate stakeholder efforts of securing NMK assets which are under threat Secure NMK assets through 3 title deeds Fence 3 sites	Not achieved, partly due to lack of funds and Covid 19 which saw most Land offices closed the better part of the FY.
		100% of identified museums and assets devolved and staff transferred	Unbundle the museum functions, identify the museums and assets to be devolved and hold meetings and workshops with relevant Counties and IGRTC to agree on unbundled museum function, museums and assets to be devolved.	Three meetings were held between IGRTC, NMK, Council of Governors and Kenya Law Reforms towards drafting a Legal Notice for the Devolved museums. Finalization of this Legal Notice will conclude the process and should be before 2021 ends.
		National monument and antiquities management policy completed	Develop a register of sites, monument and antiquities of national importance, develop modalities and procedure including activities and budgets to develop a National Monument & Antiquities Management Policy, develop criterion for identifying	Register of sites, monuments and antiquities of national importance developed.

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
			monuments and antiquities of national importance and hold stakeholder meetings and workshops to develop the National Monument and Antiquities Policy	
		3 workshops and seminars and participation in 5 national exhibitions and festivals	Participate in realization of Ministerial activities	3 workshops and seminars held, two of which were virtual towards the realization of the Rusinga, Malindi and Nairobi's Live, Love festivals. Rusinga festival took place virtually and an exhibition on the Abasuba was also held virtually. Nairobi Live, Love festival was cancelled because of the Covid 19 pandemic.
		100% completion and installation of production line for automation and fabrication of products constructed	Research, document and package traditional/historical construction skills and designs for skills development on infusion of traditional housing development into modern housing technology and set up of a production line for automation and fabrication of products	Not achieved during the ended FY. Lamu Museum has commenced activities in this FY
		50 youths trained and 3 communities enhanced in the production of products to be used in affordable housing	Train youth and enhance communities in the production of products to be used in affordable housing such as Lamu doors	Not achieved due to Covid 19. Training could not be done virtually, as the target is geared towards imparting of skills.

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 1: Sustainable Heritage Development and Management	Coordinating innovative research, policy planning, formulation, implementation, monitoring and evaluation for supporting sustainable heritage development for the benefit of the country and humanity.	15 traditional/historical products developed and promoted. Hundred and 50 youth and 10 communities trained in production of traditional/historical products in manufacturing sector.	Research, develop and promote traditional/historical products such as wood carvings, basketry etc. to enhance the economy, train youth and communities in production of traditional/historical products in enhancing the manufacturing sector	Products not developed and trainings not done due to Covid 19
		Economic review data on heritage development incorporated in government statistical reports	Coordinating Economic planning, analysis, and review of government policies, strategies, and programmes on heritage development	Done through The State Department of Culture
		10 harmonized NMK's Policies and programmes on bio-medical, natural and cultural heritage per year.	Reviewing and aligning NMK's policies and programmes with national, regional and international policies for enhancing economic and social development	Not done (Awaiting staff establishment in line with expanded mandate as stipulated in the New Strategic Plan)
		10 Product specific policies and programmes on bio-medical, natural and cultural heritage approved by the Board	Reviewing and preparing sectoral and product specific policies and programmes on bio-medical, natural and cultural heritage developed	Not done (Awaiting staff establishment to enhance capacity in line with expanded mandate as stipulated in the New Strategic Plan)
		Annual NMK MTEF	Reviewing and harmonizing NMK's MTEF with National MTEF	This was accomplished in conjunction with The State Department of Culture's Planning

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		Annual management assessment	Undertaking risk assessment and preparing a risk management framework	Unit and other Sub-Sectoral and Sectoral stakeholders. ISO Audits that are complimentary/closely related to RMA were not done due to financial constraints and compounded by the Covid-19 situation. However, the institution managed to accomplish part of the ISO 9001:2015 migratory requirements and area migratory status subject to financial availability as it is a costly affair.
		Annual progress reports on the implementation status of the strategic plan	Facilitating the implementation of NMK strategic plan in collaboration with directorates	This activity is largely in progress with the responsible Department (P&S) still sourcing for information from the Directorates and Departments. Report compiled as per receipt of reports from concerned actors.
		Digitized repository on national regional and international statistics on bio-medical, natural and cultural heritage	9.1 Assist in centralizing national, regional and international statistics on bio-medical, natural and cultural heritage	Not done (Awaiting staff establishment to enhance capacity in line with expanded mandate as stipulated in the New Strategic Plan)
		Annual performance contracting evaluation	Coordinating the process of performance contracting	The PC for FY 2020/2021 was successfully negotiated, vetted, and developed with the guidance from The State Department of Culture's Planning Unit and The

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 1: Sustainable Heritage Development and Management	Improving human health and bio-diversity through advances in basic and preclinical innovative			Performance Contract Management & Monitoring Unit. It was subsequently implemented and subjected to NMK Board's scrutiny through presentations and approval on a quarterly basis.
		Integrated M&E system approved by the Board	Designing and implementing an integrated monitoring and evaluation system	This has not been achieved as it is a venture that may need the outsourcing of IT/M&E Experts with colossal cost implications. Still a subject of discussion and planning between management and Board.
		Annual evaluation	Coordinating, evaluation of the performance of the directorates and overall NMK's impact on social and economic development	At the Institutional level, this could not be achieved because logistics were hampered by the Corona Pandemic but at the External Evaluation level, NMK managed to present its Quarterly and Annual Reports to the Performance Contract Monitoring & Management Unit and were subsequently given a score which was 'GOOD'.
		3 funded projects	Develop proposals for funding research projects	Target achieved: Three NRF funded proposals
		1 contract research projects contracted	Market IPR as AAALAC accredited facility offering commercial contracted research services	Target achieved. One contract research proposal funded by international veterinary vaccinology network

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
	research and non-human primate conservation for the benefit of humanity.	10 commercial diagnostic services provided	Provide commercial diagnostic and pathology services to researchers and the public	Target not achieved due to lack of publicity.
		2,000 veterinary services processed and charged	Process and charge requests for specialized veterinary services	Target achieved for internal researchers charged on projects
		40,000 visitors on nature trail	Identify, develop and market nature trail recreational activities	Target not achieved due to COVID-19 restrictions on movements. Only 18,000 visitors were received at nature trail.
		10 conferences at the resource centre	Market the resource centre/facility at agreed cost	None. Target not achieved due to COVID-19 restrictions on social gatherings and meetings.
		240 beehives installed with 80	Install beehives in Oloolua forest for production and sale of honey	Procured and installed 20 beehives. Target not achieved due to inadequate funds.
		Operational knowledge management centre (software installation)	Develop a knowledge management centre, to provide services to researchers, staff and public	Not achieved because of lack of funds
		36 education visits to IPR research facilities	Market research programmes to education institutions and charge education tours	24 education visits. Target not achieved due to closure of schools for quite some-time due to COVID-19.
		1 primatology field schools in 3 years	Conduct primatology field school in partnership with American Universities	Not achieved because of COVID-19 restrictions on meetings.
		2 consultancy services undertaken	Identify and bid for consultancy opportunities	Not achieved
		10 marketing events for Smugel and Smuscan products	Market Smugel and Smuscan in the region and develop control over production, distribution and sales	Target achieved

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		15 Snake venom quality analysis completed	Receive anti-venom and test for quality and efficacy against African snakes	Eight snake venom quality analysis completed. Target not achieved due to delay in funding.
		2 training programmes completed	Mount short-term practical courses and joint post-graduate training programmes for research students, staff and provide attachments/internships	Target achieved. Two COVID-19 training sessions conducted for students/lab personnel and support staff
		Asbestos in buildings replaced with alternative roofing materials		Only 10% achieved due to lack of funding. Asbestos removed from Administration block and replaced
		3 Harmony breeding cages constructed for breeding over 300 monkeys	Construct harmony cages for colony breeding of monkeys, acquire a monkey breeding stock and commercialize breeding of research laboratory animals	Funding was secured from Sports Fund in late June 2020 for construction of harmony cages. The construction was advertised, bids submitted and now at evaluation stage.
		Production of venom from at least 5 groups of poisonous Kenyan snakes	Develop and optimize animal models for snake venom research and produce anti-venom	Target achieved; venom from 5 venomous snakes (black mamba, green mamba, echis viper, puff adder, large brown spitting cobra, black-necked spitting cobra, red spitting cobra successfully obtained)
		STEM training laboratory completed and equipped	Construct and equip a biology laboratory for STEM training	Not achieved due to lack of funds
		3 scientists trained in new programme areas	Train 9 scientists in cancer research, stem cell research and synthetic biology	Proposal for research and trainings in these areas were funded by NRF but funds not yet remitted to IPR. Training to start immediately funds are remitted from NRF

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 1: Sustainable Heritage Development and Management	Enhancing institutional capacity (human, financial and infrastructure) for effective management of sustainable biomedical, natural and cultural heritage for the benefit of the country and humanity	Resource mobilization officer is hired and the office fully operational	Advertise and hire a competent resource mobilization officer	Not achieved due to lack of funds to recruit a resource mobilization officer
		Water from IPR borehole is supplied to the radioactive facility	Commercialize IPR borehole water	Not achieved due to lack of funds to recruit a resource mobilization officer
		Incinerator, instrumentation centre commercialized	Commercialize services of the instrumentation centre and incinerator and provide biobank services at a fee	Not achieved. The current incinerator cannot support commercialization service since it is old and expensive to run. Plans are underway to source for funds to secure a new one
		1 Ololua Marathon events	Organize Ololua forest marathon for staff and the public	Target achieved. Four internal/local marathons done
		i) NIMK Act of 2006 reviewed and enacted. ii) 5 international obligations ratified. iii) 22 volumes of Kenya Law report volumes updated.	Institutionalizing policy and legal governance for enhancing decision making and accountability	The Heritage and Museum Bill was published in April, 2021 in the Kenya Gazette.

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		i) Monthly internal audits undertaken and 100% implementation of recommendations implemented by Directorates and offices. ii) 20% reduction of financial management information risks	Ensuring compliance with government and international standards for enhancing FMIs accountability and transparency	Financial and operational audit at Institute of primate research July 2020 carried out. Regional stations financial and operational audits - 3 stations visited Financial audits at HQ carried out twice during the year 2020/2021 Monthly reports to management done Quarterly reports to Board Audit and Risk Management Committee done. And Board paper to Full Board. Governance and secretarial support to Board audit and risk management committee done Quarterly updated the implementation station log for audit matters done.
		30 casts produced	Producing heritage objects for exhibition, sale and information dissemination	Target not achieved
		i) 20% increase in infrastructure and facilities development. ii) Maintenance of infrastructure and facilities retained at 80%. iii) Perimeter wall around NMK	Developing and maintaining infrastructure development and facilities	- Removed and safely disposed Asbestos and re-roofing of the Natural Science block at the NMK headquarters – Nairobi - Renovated Lokitaung Kenyatta Cells in Lokitaung – Turkana County - Refurbished Tom Mboya Statue in Moi Avenue – Nairobi

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		completed.		• Facelifted works at the Jaramogi Oginga Odinga Museum in Bondo – Siaya County • Renovated Kenyatta house Maralal – Samburu County • Renovated and Improved Tom Mboya mausoleum in Mbita, Rusinga Island – Homabay County • Repaired and operationalized 30 vehicles
		i) Security communication control system acquired and installed. ii) CCTV surveillance system installed at NMK headquarters and Karen Blixen.	Improving security and safety of NMK staff and property improved	• Enhanced security by provision of outsourced security services • Provided and maintained firefighting equipment • COVID-19 Mitigations measures through fumigation of all NMK buildings, acquisition of protective gear for staff members, sanitizations and temperature checks at the gates
		i) 100% adherence to Public Procurement and Disposal Act of 2016 for procuring goods and services. ii) Adherence to 100% time repayments for procuring goods and services. iii) Optimal value from disposal of obsolete and	Procuring goods in compliance with Public Procurement and Disposal Act of 2016	i) Target achieved ii) Not achieved.

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		unserviceable items i) Marketing policy approved by the board. ii) Digital heritage multi-media products developed and commercialized. iii) Digital online marketing of collections, products and services iv) 20% increase in sales for NMK products and services.	Undertaking marketing of NMK products and services in collaboration with Directorates and stakeholders	• Trained the Curators and Education officers on the use of the Google Arts and Culture for Digitally engaging students • Engaged with Social Media Influencers; Dan Ndambuki (Churchill), Sol Generation and Maria to market the Nairobi National Museum • Submitted proposal to Google on the next phase of digitisation of NMK's Sites and Collections • Submitted a proposal to the Directors on the creation of an NMK Digital Pay-to-access platform • Increased the Digital Media engagement in collaboration with DASM, and DNRR officers on projects they carried out.
		i) ERP implemented and networked. ii) Internet band width upgraded to 100 MB for optimal system research. iii) System and network uptime of 99%. iv) 100% E-ticketing in all museums and sites.	Automating and upgrading NMK operations, systems and processes	• ERP is pending due to limited resources • Internet band width was upgraded to 100 MB. • System and network uptime of 99% was fully optimized. • 100% E-ticketing in all museums and sites has not been achieved due limited resources.

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		i) 5% of NMM's activities financed through CSR annually. ii) Annual customer satisfaction survey. iii) 10% increase in sales of NMM products and services through luncheons, exhibitions and trade fairs.	Establishing communications, corporate responsibilities and customer relations for enhancing NMM's service delivery	• Nil. To be advised on accordingly on CSR. • Customer Satisfaction Survey was not done due financial and Covid 19 pandemic constraints. However, a questionnaire was developed for this purpose. • Due to Covid 19 pandemic events, luncheons and trade fairs were brought to a halt because of strict MOH protocols and regulations. However, the exhibitions held at NMM received publicity through media coverage via PR Department. It is also prudent to note that exhibition set up is solely an NNM mandate. As the economy opens up, we have also put in place measures to help in hosting events at LLA and we are in consultation on the best rates to offer to the public in tandem with the curfew and other MOH guidelines on Covid-19
Pillar 1: Sustainable Heritage Development and Management	Attracting and retaining talented productive work force through merit-based system and ensuring proper	Operational directorates/departments for Natural products industry. Policy research, monitoring and evaluation. Research and	Developing organizational structures functions and staffing requirements and job descriptions for the new directorates, programmes and Centres.	New directorates not yet created Targets not yet achieved.

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
	career development and progression.	innovation centre. Museum enterprise development and marketing centre.		
		NMK revised and developed policies and procedures approved by the Board and implemented, and all staff trained	Review existing and develop new policies and procedures in HRMD and coordinate review and development of policies for technical operations in line with government requirements and international standards and staff trained	Not yet achieved due to restrictions in movement.
		Optimal establishment	succession plan developed based on human resource audit	Not Yet,
		Staff to be trained identified	Training needs assessment conducted	Not yet
		Approved work plans and performance contracts	Develop work plans and performance contracts	Target achieved
		Staff productivity and performance enhanced by 20%	Implementation of work plans and performance contracts	Target achieved
Pillar 1: Sustainable Heritage Development and	Institutionalizing innovative mechanisms for enhancing NMKs revenue base for	Compliance to 30% government affirmative action	Carry out gender mainstreaming audit and implement	Target not yet achieved.
		25% and 32% annual increase on internal and external revenues respectively.	Establishing mechanisms for ensuring that directorates generate Seventy percent (70%) of their total income from internal and external sources	Not yet due to Covid-19 pandemic and closure of Museums.

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Management	sustainable heritage management and development	Accounting system, reviewed, approved and implemented	Institutionalize the Sun-System within NMK	Not yet implemented, Funds not available.
		Operationalized system that complies with international standards.	Ensuring that all financial operations and reporting comply with the Sun-System requirements	Not yet fully implemented.
		Staff of NMK directorates trained	Train staff on the harmonized consultancy and administration overhead policies.	Target not achieved
		Monthly revenues from consultancies remitted to NMK Finance.	Ensure that revenues collected by the directorates in consultancies are remitted to finance department in line with the guidelines.	Not yet implemented due to lack of developed and approved guidelines.
		Revised policies and procedures on operations of the cost centres for the directorates approved and implemented and staff trained	Develop a policy and procedures on operations of the cost centres for the directorates.	Not yet developed.
		Directorates cost centres approved and implemented	Train and institutionalize the policy and procedures for cost centres within the directorates	Not yet implemented.
		Mechanisms developed, approved and implemented	Develop a mechanism for ensuring that NMK's policies, procedures and systems are reviewed in line with the changing government systems.	Not yet implemented

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 2: Innovative Research	Enhancing innovative and sustainable research, development, preservation, conservation, modernization and access to antiquities, sites and monuments for the benefit of the country and humanity	Training needs assessment undertaken, and staff trained on I-tax	Carry out periodic capacity building exercises on tax compliance.	Not yet implemented
		Tax returns approved and filed	Facilitate tax returns and payments for institutional tax obligations	Tax returns filed as per statutory timelines.
		20% increase in commercialization, patenting and marketing of NMKs products	Establishing the Museum Entrepreneurship Development and Marketing Centre in collaboration with Directorates	Not yet implemented
		50 field studies and excursions	Conduct field studies on both cultural and natural heritage	69 field trips were conducted
		20,000 objects/specimens acquired and repatriated	Acquisition of specimens for reference, including repatriation of Kenyan artefacts held overseas	Due to Covid-19 pandemic only 8545 objects were acquired
		1,000,000 Collections	Curate, update and maintain collections	2,936,114 collections were curated, maintained and curated.
		20 datasets developed and maintained	Curate and maintain reference data bases/data sets	7 datasets were developed and 81365 objects digitized.
		1 Fumigation exercise and active pest control exercise carried out	Implement routine and integrated pest control	One fumigation exercise conducted
		3 languages, 1 Cultural practice and 1 Aspect of history	Document cultural practices; linguistics, history and art	Due to Covid-19 pandemic the Cultural Heritage Department was not able to visit communities for documentation work.
		80 publications, 1 science conferences, 1 Science expos, and 2 exhibitions	Dissemination of research findings	The directorate produced 124 publications thus exceeding the target.

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
		60,000 records Digitized	Standard and digitize heritage data/collections	About 81365 objects were digitized. The target was exceeded by 21365.
		1 data portal developed	Develop and maintain data portals	Due to Covid-19 pandemic, no data portal was developed
		Operational National Collection Centre (NCC)	Establish a National Collection Centre including EIA, bills of quantities and procuring a developer	Due to financial challenges, the Collection Centre was not established.
		100% implementation of required international obligations on heritage management	Identify target treaties, conventions and MOU relevant to heritage management, evaluate the status of heritage resources covered by these treaties, conventions and MOUs and implement required international obligations	International meetings were affected by Covid-19 movement restrictions and the general disruptions of planned meetings worldwide.
		2 surveys and documentation excursions	Survey of the neglected and underutilized food and medicinal resources among the minority and marginalized communities	Three surveys conducted on neglected foods especially mushrooms and indigenous vegetables.
		1 survey reports on adaptation to climate change completed	Establish the effects of climate change on tangible and intangible cultural heritage	Two reports on paleoecology and climate change published.
		20 Business opportunities identified	Identify potential value addition business opportunities along the supply chain	Due to funding challenges and Covid-19 pandemic, this target was not met.
		150 SMEs assisted to venture into value addition business	Assist potential and existing SMEs to venture into value addition business and link them with financial institutions, BDS providers and markets	Due to Covid-19 pandemic, the engagement with SMEs was not possible.

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Strategic Pillar	Objectives	Key Performance Indicators	Key Activities	Achievements
Pillar 3: Sharing of Knowledge	Developing research based and competitive NPI by harnessing sustainable cultural, natural and technological, entrepreneurial opportunities for the benefit of the country and humanity.	3 lists of prioritized natural products for nutritional, personal care and medicinal categories, 5 feasibility study reports and commercialization framework	Identify, document and prioritize through feasibility studies on natural products for commercialization.	30 herbal products prioritized for scientific validation as potential immune boosters for respiratory infections including COVID-19 1 herbal product (<i>Abrus precatorius</i> Mturi turi seed) prioritized for scientific validation as a natural contraceptive, 6 species of African indigenous vegetables (AIV) prioritized for commercialization in four counties
		50 personnel trained in IK documentation, preservation and utilization	Build capacity through training in indigenous knowledge (IK) documentation, preservation and utilization in 12 selected Counties (Marsabit, Kitui, Busia, Kwale, Kirinyaga, Kajiado, Siaya, Kiambu, Makueni, Samburu, Meru, Kericho)	Target over-achieved: 205 personnel from 16 counties trained in IK documentation, preservation and utilization
		150 SMEs assisted to venture into value addition into NPI products	Prepare and deploy product-specific go-to-market plans	Target not achieved; the activities are on-going
		NPI strategic plan, resource mobilization and marketing strategies approved by the board and implemented.	Reviewing NPI strategic plan (2018-2022) in line with NPKs strategic plan (2020-2022), preparing a resource mobilization strategy and marketing strategy	Review of the NPI strategic plan is on-going

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NMK monitors the progress towards achievement the Strategic Plan (2020-2022) through:

- i. Preparation of annual implementation plans for the period 2020-2021 by all offices and directorates
- ii. Translation of the annual implementation plans into annual performance contracts and annual monitoring plan
- iii. Development and issuance of progress reports at all levels

In addition, NMK will undertake a rigorous and independent evaluation of completed and/or on-going activities to determine the relevance and fulfilment of strategic objectives, development efficiency, effectiveness, impact and sustainability. The evaluation of the strategic plan shall be undertaken at the end of the month of June in each financial year.

VII. CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process by which institutions are directed, controlled and held to account.

BOARD OF DIRECTORS

National Museums of Kenya Board of Directors is responsible for overall management and is accountable to the Minister in charge of the Ministry of Sports, Culture and the Arts for ensuring that the institution complies with the law and the highest standards of best practice in corporate governance and ethics. The Directors are committed to the need to conduct the operations of the institution with integrity, in accordance with generally accepted corporate practice, and endorse the internationally developed principles of corporate governance. All the Board members are non-executive including the Chairman of the Board except the Director General who is the chief executive officer. The Cabinet Secretary in charge of Sports, Culture and the Arts appoints the Directors for a period of three years in accordance with the constitution.

BOARD MEETINGS

The Board meets at least four times a year. The Directors are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. The Board has delegated the day-to-day operations to the Director General who is the Chief executive officer. The Board nonetheless retains responsibility for establishing and maintaining the institutions internal controls in financial, operational and compliance issues as well as implementing strategies for the long-term success of the institution.

BOARD COMMITTEES

The Board has three standing committees, which meet regularly under the terms of reference set by the Board. In addition, there are two ad hoc committees; one for conducting interviews of senior staff and the other on Rules and Regulations of the Heritage Act. These committees are as follows:

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The Audit Committee

The Audit & Risk Management Committee forms a key element in the governance process by providing an independent expert assessment of the activities of top management, the quality of risk management, financial reporting, financial management and internal audit, to the board of directors.

The Finance and Establishment committee

The Committee is the prime mechanism through which the Board of Directors of National Museums of Kenya (NMK) ensures that the institution's decisions, policies and practice in relation to Finance, HR, procurement, infrastructural development and all processes are in full compliance with relevant policies, and statutory requirements, regulations, Mwongozo Code of Governance as well as the Board Charter.

Research Committee

The Research Committee of the Board generally deliberates all matters pertaining to research policy and management.

Ad hoc committee (as and when formed)

Ad hoc committees may be formed for different tasks as determined by the Board for example conducting of interviews for senior staff.

All board committees make recommendations to the full Board of Directors for consideration.

INTERNAL CONTROLS

These are processes for assuring achievement of the organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. This involves everything that controls the risks of the organization and relates to authorization and approval of transactions, segregation of

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duties, supervision and monitoring of the activities, proper record keeping, ICT controls, valuation, custody and physical safeguards of the assets of the organization. It is the means by which the organization's resources are directed, monitored, and measured. It plays an important role in detecting and preventing fraud and protecting the organization's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or intellectual property such as trademarks).

At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, compliance with laws and regulations. At the specific transaction level, internal control refers to the actions taken to achieve a specific objective (e.g. how to ensure the organization's payments to third parties are for valid services rendered). Internal control procedures reduce process variation, leading to more outcomes that are predictable. The effectiveness of the internal controls depends on:

The Management

The responsibility of ensuring that the internal controls are in place and are duly adhered to rests with the management. The Chief Executive Officer (the top manager) has the overall responsibility of designing and implementing an effective internal control system and setting the "tone at the top" that affects integrity and ethics and other factors of a positive control environment. He fulfills this duty by providing leadership and direction to senior managers and reviews the way they are controlling the resources of the organization. Senior managers, in turn, assign responsibilities for establishment of more specific internal control policies and procedures to personnel responsible for the various departmental functions.

Board of Directors

Management is accountable to the Board of Directors, who provides governance, guidance and oversight. Effective Board members are objective, capable and inquisitive. They also have knowledge of the entity's activities and environment and commit the

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time necessary to fulfil their Board responsibilities. Management cannot at any one point in time override controls and ignore or stifle communications from subordinates, enabling a dishonest management, which intentionally misrepresents results to cover its tracks. Existence of a strong active Board particularly when coupled with effective upward communications channels and capable financial, legal and internal audit functions is often best able to identify and correct such a problem.

CUSTOMER SERVICE CHARTER

The Service Charter puts in place service standards that guide the National Museums of Kenya management and staff in provision of high services to its clients. This is keeping in line with existing laws, rules, regulations, norms, professional ethics and most important-customer expectations. The service Charter thus identifies areas in which the NMK operates, defines the responsibilities of the management and staff, describes the rights of clients and identifies key quality control indicators that will enable delivery of high quality services by NMK to all stakeholders/clients and the general public at large.

DIRECTORS' ALLOWANCES AND LOANS

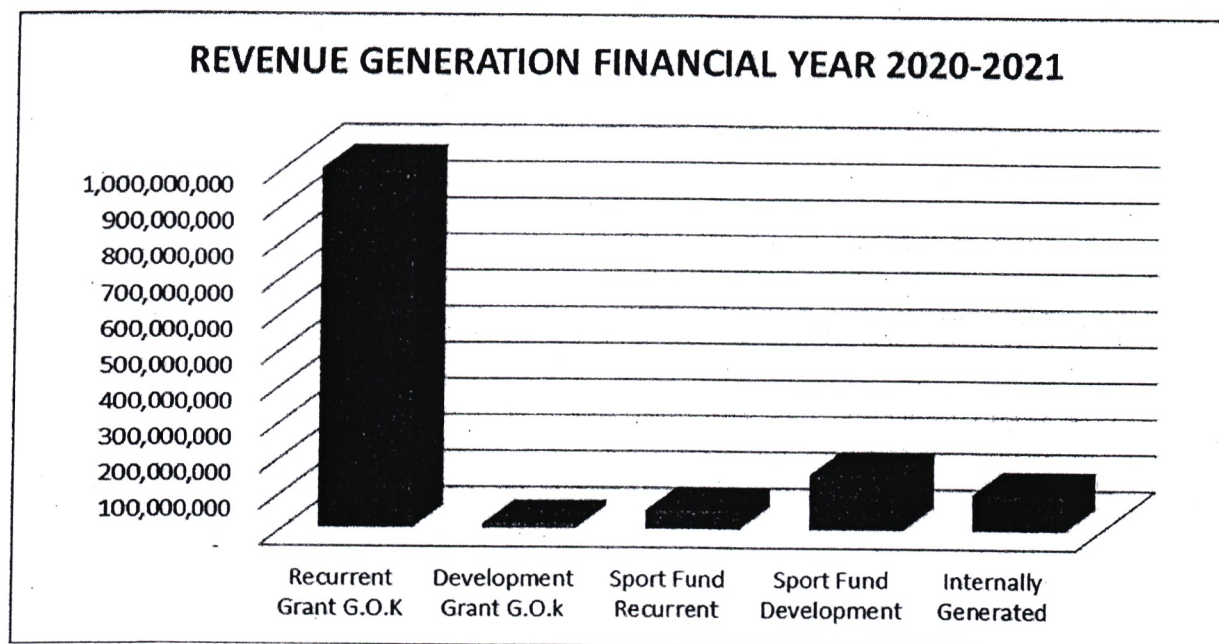
The aggregate amount paid to Directors allowances for services rendered during 2020/2021 financial year are disclosed in the notes to the financial statements. There were no Directors loans at any time during the year.

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VI. MANAGEMENT DISCUSSION AND ANALYSIS

The Entity's Operational and Financial Performance

The National Museums of Kenya internally generated revenue for twelve months stood at Kshs. 102,277,855 Government of Kenya recurrent and development grants at Kshs 996,210,000 and Kshs 15,300,000 respectively. In addition, the National Museums of Kenya secured funding from the Sports, Arts and Social Development Fund of Kshs. 54,037,592 and Kshs. 154,027,100 for recurrent and development respectively. The Management noted that the organization heavily relies on revenue from non-exchange transactions, which caters for its personnel emoluments as indicated in the chart below.



Sources of Revenue for the Year 2020/2021

TRENDS IN REVENUE GENERATION

Demand for efficient revenue collection

NMK has witnessed a decrease in all revenue collection points during the financial year as a result of closure of its revenue streams due to government directive given the global pandemic situation. However, NMK has put in place a few mechanisms which improved efficient revenue collection and still explores on how to install and operationalize the Enterprise Resource Planning System.

Electronic Fund Transfer

As the world has become a small village with ICT and our country Kenya embracing it, NMK has no choice but to cope up. NMK has also embraced EFT's and mobile money as a mode of settlement of payment.

CHALLENGES AND OPPORTUNITIES

Physical infrastructure and Equipment

The physical infrastructure is old and dilapidated and available resources by the organization are not sufficient for repair and maintenance. The availability and functionality of laboratory equipment and infrastructure is critical in research. It is important that funds be allocated to replace the equipment and improve the infrastructure to avoid disruptions in service delivery.

Title Deeds

NMK is responsible of Heritage management in the country. In the process, the various governments have continued to allocate NMK parcel of land for preservation of historic sites. The acquisition of title deed for these allotments has been a great challenge to the organisation. Hence, the ownership and value of its assets in the financial statements does not reflect true state of affairs.

Automation of an Enterprise Resource Planning System

The National Museums of Kenya having several revenue stations across the country still operates manually. This makes it difficult to ascertain the total receipts and expenditure at any given period. This may lead to loss of revenues through pilferages at the various collection points hence posing a challenge for management to put or improve on their internal controls timely.

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Marketing

The year 2020/2021 has seen the National Museums of Kenya develop online digital content, improve our website, produce brochures and form partnerships in the execution of our mandate.

Partnerships

GA&C: Google set up an Arts and Culture platform where Museums around the world are showcasing their galleries as well as their collections. The various museums are telling different stories on Heritage. NMK through this partnership has digitized 10,234 collections and created 51 online exhibitions geared towards pushing traffic to the NMK. This in return will improve revenue generation to the NMK. The cost of this project was met by Google firm

Export Promotion Council: NMK through this partnership is participating in Shanghai 2019 Expo and also we have submitted 4 projects to be exhibited in Dubai 2020. The NMK is benefiting through creation of awareness and promotion of Kenya Heritage both within and outside the country. The successful Expo is Kazakhstan Astana Expo, where NMK received more citizens.

KeNHA: Worked with KeNHA in putting up information on our sites on the general signs i.e. Road Signage's and Gantry Signs at strategic locations. successful locations are; Thimlich Ohinga, Rabai Museum and Karen Blixen which now has visible signage on the main roads leading to the Museum and on site. This is evidence in revenue growth from those Museums.

Kenya Tour Driver Guides: The tourism sector is a major player in the National Museums and more so that Tour Guides. We have engaged them and offered lectures that enlighten them on the benefit of bringing tourists to our sites. We also worked with the Tour Operator Companies to develop products that they can sell to their clients. Development of Coastal and Nairobi Circuits is a good strategy that the department is using to drive visitations to NMK Sites and Museums.

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Branding

Through the marketing team, we have improved NMK brand image through social media presence, website improvement and conducting customer satisfaction surveys. With this, it has made it easy for customers for visitors to conduct repeat visits, customer loyalty and improved customer satisfaction levels.

VII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability strategy and profile

The National Museums of Kenya will require a projected total budget of about Kshs 17.55 billion over the next three years to implement the planned development programmes and activities in this Strategic Plan (2020-2022). These resources are anticipated that 50%, (Kshs 8.8 billion), 30% (Kshs.5.3billion) and 20% (Kshs.3.5 billion) will come from external sources, internally generated and the exchequer respectively. Mobilizing external resources will require appropriate collaboration and linkages with industry players. The resource mobilization will be enhanced through the following key strategies:

- a) Ensuring that seventy percent (70%) of the total income is generated from internal and external sources, with exchequer providing 30%.
- b) Operationalizing Cost Centres within the directorates of NMK
- c) Establish a Museum Entrepreneurship Development and Marketing Centre for coordinating product development, commercialization and marketing in collaboration with industry players.
- d) Develop a legal framework for establishing and operationalising the Endowment Fund for enhancing resource mobilization.
- e) Bid for ring fencing of resource for its conservation and heritage management with The National Treasury.

Globally, natural and cultural heritage are increasingly threatened with destruction not only by the traditional causes of decay, but also by changing social and economic conditions which aggravate the situation with even more formidable phenomena of damage or destruction. African nations face the challenge to develop and implement strategies that effectively address the need for balancing heritage conservation and other development needs. Convention parties to UNESCO therefore seek to effectively manage existing properties by recognising, documenting and formalising traditional management systems and fully incorporating them into existing management mechanisms. The challenges for Sub-Saharan Africa to build on its limited archaeological heritage and

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realize economic benefit from sustainable development of these important assets is largely due to lack of expertise and available experience.

ii) Environmental performance

The NMK is committed to protection and enhancement of the local and global environment, health and safety in natural and cultural heritage research and collection management. NMK as an institution, its institutes, centers, staff and stakeholders are expected to consciously think about their role in managing Environmental health and safety (EHS) issues and act in ways consistent with:

- i. Reduction of negative social and environmental risks
- ii. Conservation and prudent utilization of resources
- iii. Respect for biodiversity and natural systems.

Here is an outline of some of the many successes achieved:

- i. **EHS committee:** NMK has established EHS committee, which has promoted environment, health and safety inspections and undertaken awareness and education. Such as raising awareness about benefits of using protective materials in the laboratories where chemicals and reagents are used in research, collections and exhibitions.
- ii. **Energy efficiency:** Ensuring energy efficiency and conservation throughout our operations is important, as it impacts both our greenhouse gas (GHG) footprint and our cost structure. NMK has appropriately replaced incandescent bulbs with energy saving bulbs.
- iii. **Water conservation:** Our operations are not relatively water intensive but as national/ global water consumption has increased at a fast pace we work to use water carefully and responsibly in our operations. Primary water uses include mainly sanitation and employee consumption. NMK is constantly investing in water conservation by having timed taps, checking water leakages as routine measures to minimize water wastage.
- iv. **Tree planting:** NMK has endeavored to invest to support seedling production at the Nairobi Botanic Garden and through funded projects at community sites.

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Additionally, NMK has participated in tree planting exercises involving staff and management.

- v. **Biodiversity conservation:** NMK has a long track record of supporting biodiversity research projects. Additionally, NMK has been a key and relevant led agency in multi-agency committees for Environmental matters in accordance with the Environmental management and coordination Act, EMCA 1999 championing for biodiversity conservation.
- vi. **Climate strategy:** NMK incorporate climate change considerations into all aspects of our business strategy. Among the climate change considerations are events can threaten business continuity. We are continually refining our disaster response plans and we recently constructed the sea wall to protect the Fort Jesus Museum.
- vii. **Environmental audits:** Environmental audits are undertaken as per the regulatory standards and sound environmental practice.
- viii. **Stakeholder engagement:** NMK has a systematic approach to stakeholder engagement. Every two years, NMK runs open days/scientific conferences to share the research activities and findings with key stakeholders which range from research partners, NGOs, community groups, government agencies, research institutions and scientific academies. This engagement has been essential in aiding NMK stay abreast of current trends, perspectives and policy matters that affect our service, customers and collaborators.
- ix. **Physical structures:** NMK has provided for adequate signage and visitor information within the Museum compound.
- x. **Dust management:** NMK has provided for well paved roads and car parks limiting dust emission from vehicles within the compound.

Outline shortcomings:

Financial constraints to meet some of the targets such as production of seedlings and to carry out environmental audit in the regional museums.

Efforts to manage biodiversity:

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NMK takes cognizance of biodiversity and environmental impacts when making decisions relating to planning, landscaping, facilities management and construction. NMK is running diverse projects on biodiversity conservation and monitoring as part of its mandate. Additionally, NMK partners with diverse institutions in monitoring species and their habitats for enhancing their survival.

Waste management policy:

Solid waste management policy at NMK focuses on adoption of waste separation, investing in waste disposal infrastructure and investing in sensitization of cleaning service providers. Electronic waste material (e-waste) such as old or broken computers, printers, copiers, and other hazardous waste is an area of significant environmental concern to us that is a fast-growing waste segment. To prevent these hazardous waste from entering the country's dump sites or landfills. NMK's e-waste policy was developed and is keenly implemented.

iii) Employee welfare

The policies guiding the hiring process are borrowed from the Public Service Commission- Human Resource Policies and Procedures Manual for the Public Service, May, 2016 and the NMK Terms and Conditions of Service and Procedures Manual.

Recruitment is undertaken on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.

All vacant positions are filled in competitively through advertisements, followed by interviews conducted by relevant committees.

Policies are reviewed after every five (5) years.

Efforts made in:

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- a) Improving skills and managing careers; mentoring, training and development of staff, job rotation, staff attend seminars and workshops relevant to their areas of specialization.
- b) Appraisal- done annually
- c) Reward systems-award of salary bonus

It is the policy of the National Museums of Kenya to enforce appropriate measures to control and monitor health and safety procedures to ensure a safe and healthy working environment for all employees, and those who may be affected by our undertakings. The Health Safety and Environment (HSE) Committee has the ultimate responsibility for health and safety in the organization, and the protection of its environment.

The National Museums of Kenya is committed to protection and enhancement of the local and global environment, health and safety in in natural and cultural heritage research and collection management, National Museums of Kenya as an organization, its institutes and centres, staff and stakeholders are expected to consciously THINK about their role in managing EHS issues and ACT in ways consistent with the following fundamental principles:

- a) (Reduction) Commitment to reduction of negative social and environmental risks,
- b) Conservation and prudent utilization of resources and
- c) Respect for biodiversity and natural systems.

iv) Market place practices: -

a) Responsible competition practice:

The National Museums of Kenya is believing in inclusivity and stakeholder engagement. For this reason, the National Museums of Kenya engages regularly with stakeholders in Education as well as those in the Tourism sector as they represent the largest client groups visiting the Museums.

All Museum gate fees are gazette, and are very competitive in the market. They ensure that majority of Kenyans can afford to visit a Museum that is near them. Other prices, like Venue hire, are currently being revisited because of the Covid-19 restrictions on permissible numbers, and spacing at the select venues.

In a bid to embrace safety during the pandemic, we are now accepting mobile money and card payment only at our sites. This has greatly increased accountability at our various ticketing offices around the country.

b) Responsible Supply Chain and Supplier relations:

The National Museums of Kenya ensures that the Finance Team, the Procurement Team and the Accounting Officer are working together. All procurement must be approved by the Accounting Officer – who is the Director General. The Director General will only approve procurement of items he is sure NMK can afford to pay for.

c) Responsible marketing and advertisement:

One of the largest consumer groups at the National Museums of Kenya are schools. NMK therefore has to be extremely careful in the language used in the adverts, and the placement of the adverts. We are also careful on the type of sponsors we seek for events targeting children. We are careful to not target the children directly, but to go through their guardians; teachers and parents. Our advertising is sensitive to the diverse nature of Kenya's population.

d) Product stewardship:

NMK is in constant communication with target group leads like Schools, and Tour Operators who bring feedback from their clients; the student, teachers and tourists. This has allowed us to ensure that all visitor feedback is taken seriously and addressed with urgency. There are also Visitor Books whose content is analysed by the Public Relations Department, and an internal committee assesses the feedback.

VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Organizations affairs.

Results

The results of the Organizations for the year ended June 30, 2021 are set out on page 60 to 63

Board of Directors

The members of the Board of Directors who served during the year are as shown on page 7 to 11

Surplus remission

In accordance with Regulation 219(2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into consolidated fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each Financial Year. Or the entity remitted Kshs, Nil (FY 2020 Kshs. Nil), The entity did not make any surplus during the year (FY 2020 Kshs. Nil) and hence no remittance to the Consolidated Fund, (Entities to edit accordingly)

Auditors

The Auditor General is responsible for the statutory audit of the organization in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board

Corporate Secretary/Secretary to the Board

IX.STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 23 of the National Museums and Heritage Act of 2006, requires the Directors to prepare financial statements. The financial statements should give a true and fair view of the state of affairs of the National Museums of Kenya at the end of the financial year/period and the operating results of the Organization for that year/period. The Directors are also required to ensure that the Organization keeps proper accounting records, which disclose with reasonable accuracy the financial position of the organization. The Directors are also responsible for safeguarding the assets of the National Museums of Kenya.

The Directors are responsible for the preparation and presentation of the organization's financial statements, which give a true and fair view of the state of affairs of the organization for and as at the end of the financial year ended on June 30, 2021.

This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the organization;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the organizations financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations

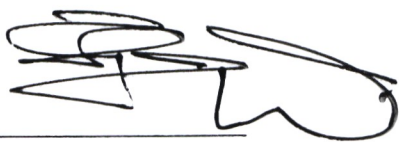
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Act. The Directors are of the opinion that the organization's financial statements give a true and fair view of the state of organization's transactions during the financial year ended June 30, 2021 and of the organization's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the organization, that have been relied upon in the preparation of the organization financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the organization will not remain a going concern for at least the next twelve months from the date of this statement.

APPROVAL OF THE FINANCIAL STATEMENTS

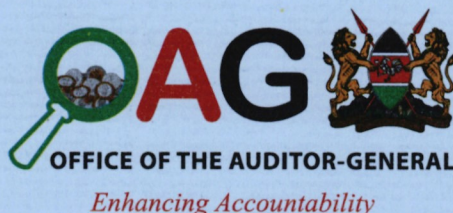
The Organization's financial statements approved by the Board on 30th September 2021 and signed on its behalf by:



Ag. Director General

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL MUSEUMS OF KENYA FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Museums of Kenya set out on pages 60 to 97, which comprise the statement of financial position as at

30 June, 2021, the statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Museums of Kenya as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the National Museums and Heritage Act, 2006 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Understated Property Plant and Equipment

The Statement of financial position reflects Kshs.3,685,937,571 in respect of property, plant and equipment which, as disclosed in Note 14 to the financial statements, includes land with a book value of Kshs.1,575,127,445 which has not been valued since 1990. As previously reported, the National Museum of Kenya has one hundred and fifty (150) parcels of land spread across the country, out of which only forty-three (43) parcels had title deeds and the remaining 107 parcels have no ownership documents.

Further, the property, plant and equipment net book value of Kshs.3,685,937,571 includes heritage assets whose value could not be verified due to lack of a fixed assets register. The National Museums has not disclosed the heritage assets that have future economic benefits or service potential other than their current heritage value, and those heritage assets whose future economic benefit or service potential is limited to their heritage characteristics.

In addition, no disclosure has been made on other heritage assets such as the measurement basis, method used, gross carrying amount and accumulated depreciation at the end of the year.

In the circumstances, the accuracy and completeness of Property, Plant and Equipment of Kshs.3,685,937,571 as at 30 June, 2021 could not be confirmed.

2. Long outstanding Trade and Other Payables

The Statement of financial position reflects trade and other payables from exchange transactions totalling to Kshs.276,849,681 as disclosed in Note 15 to the financial statements. Review of the documents and schedules provided for audit reflected an amount of Kshs.61,639,784 in respect to outstanding bills, some dating as far back as the financial year 2006/2007. No explanation was given as to why the bills were not cleared during the year under review despite the corporation reporting a cash and cash equivalent of Kshs.88,507,231, as at 30 June, 2021.

In the circumstances, the existence of the trade payables balance of Kshs.61,639,784 and the Management's obligation on the liabilities could not be ascertained.

3. Uncertainty Related to Sustainability of Services

The statement of financial position reflects current liabilities of Kshs.276,849,681 against current assets of Kshs.137,675,568 resulting to a negative working capital of Kshs.139,174,113. Further, the Corporation recorded a deficit of Kshs.434,664,345 which depleted revenue reserves from 12,940,522 to negative 421,723,823 as reflected in the statement of changes in net assets. This precarious financial position has not been disclosed in the financial statements.

The Corporation is therefore not in a position to meet its current financial obligations as they fall due and largely depends on creditors and Governments grants to meet its day to day operations.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Museums of Kenya Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budget and actual on comparable basis of Kshs.1,336,810,000 and Kshs.1,884,173,816 respectively, resulting to an over expenditure of Kshs.547,363,816 or 41% of the budget.

The National Treasury/Board approval was not provided to justify the over-expenditure.

Prior Year Audit Matters

In the audit report of the previous year, a number of issues were raised under the report on financial statements. However, Management has not resolved the issues nor disclosed all the prior year matters as required by the reporting templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Stalled Fort Jesus UNESCO World Heritage Site, Mombasa County

The contract was awarded to a local Company at a contract sum of Kshs.226,022,710. The project commenced on 3 September, 2020 with a completion date of 3 March, 2021 which was then revised twice to 3 June, 2021 (39 weeks) 15 September, 2021 (53 weeks). It was noted that both of these periods had already elapsed, and still the works are yet to be completed. Further, the company was paid a total of Kshs.108,365,552 by the end of the period under review.

Audit verification in the month of February, 2022 indicated that the following works were outstanding;

- i. A football pitch; the public works officer informed the team that there was presidential directive to have an ablution block built on the pitch. Excavations had been done but the ablution block had not been built.
- ii. Lower garden retaining wall (centre portion)
- iii. Lower garden ramp (slab and balustrades)
- iv. Play structures installation (sand, picket fence and play structure set up)
- v. Irrigation fittings and pump installation
- vi. Ablution block plumbing fittings installation
- vii. Ablution block internal doors supply and installation
- viii. Lower garden landscaping (grassing and ground covers)
- ix. Lower garden storm water drainage
- x. Supply of garden waste receptacle.
- xi. Installation of garden lights and CCTV
- xii. Pump house and water tank plinth
- xiii. Concrete wall at the ends of the sea wall to lower gardens

The contractor was not on site and had not been on the ground since December, 2021.

In the circumstances, the delay in completion of the project may result in cost escalation and the public may not get value for money of Kshs.108,365,552 already paid.

2. Poor Construction of the Proposed Vasco Da Gama Seawall and Concrete Repairs

The project commenced on 25 May, 2020 and was supposed to be completed on 10 May, 2021 at a contract sum of Kshs.59,349,235. Although the contractor had finished

the works and handed over the project to National Museum of Kenya, audit verification during the month of February revealed that the pavement on the eastern wall had cracked and part of the ground had sank, casting doubt whether that side had been filled with gunny bags or selected boulders as proposed in the Bills of Quantities. In addition, the central walk way pavement concrete had cracked.

In addition, as per the Bills of Quantities, 40 feet containers and furniture of Kshs.500,000 and Kshs.200,000 respectively, initially acquired for the resident engineer's use were to revert to the employer. However, it was established that the container and furniture had not been handed over to the National Museums as indicated in the Bill of Quantities.

Consequently, the poor workmanship could be indicative of a lack of supervision and disregard to the desired value for money to the public.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the National Museum's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to abolish the National Museums or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the National Museums' financial reporting process, reviewing the effectiveness of how the National Museum monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the National Museums' policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Museum's ability to continue to sustain services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the National Museums to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the National Museums to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 July, 2022

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**XI. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED JUNE 2021**

	Note	2020 – 2021 Ksh	2019 – 2020 Ksh
Revenue from non-exchange transactions			
Transfers from governments-			
Recurrent	3(a)	996,210,000	1,544,200,000
Sport Fund	3(a)	54,037,592	31,541,746
Development	16(b)	24,422,408	19,535,377
Project income	4	272,561,616	295,702,235
Total revenue from non-exchange transactions		1,347,231,616	1,890,979,358
Revenue from exchange transactions			
Other incomes	5	102,277,855	280,793,995
Total revenue from exchange transactions		102,277,855	280,793,995
Total revenue		1,449,509,471	2,171,773,353
EXPENSES			
Employee costs	6	1,141,153,354	1,383,380,519
Depreciation	7	46,306,572	32,432,325
Repairs and maintenance	8	52,805,798	32,891,938
Board of Directors	9	13,072,228	15,512,444
General expenses	10	630,835,864	557,551,112
Total expenses		1,884,173,816	2,021,768,338
Surplus/ (Deficit)for the year		(434,664,345)	150,005,015

The notes set out on pages 65 to 89 form an integral part of these Financial Statements


Stanvas Ongalo

Ag. Director General

Date: 9th May 2022


Namachanja Geoffrey

Financial Controller

ICPAK MNO. 7763

Date: 9th May 2022


Mon. David Musila, MGH

Chairman

Board of Directors

Date: 9th May 2022

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**XII. STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2020 – 2021 Ksh	2019 - 2020 Ksh
Assets			
Current assets			
Cash and cash equivalents	11	88,507,231	431,406,546
Receivables from exchange transactions	12 (a)	16,679,395	20,065,402
Receivables from non - exchange transactions	12 (b)	31,610,060	41,047,036
Inventories	13	878,882	1,188,966
		137,675,568	493,707,950
Non-current assets			
Property, plant and equipment	14	3,685,937,571	3,522,281,770
Total assets		3,823,613,139	4,015,989,720
Liabilities			
Current liabilities			
Trade and other payables from exchange Transactions	15	276,849,681	130,482,003
Total Current liabilities		276,849,681	130,482,003
Non-current liabilities			
Deferred Development Grant	16	300,128,396	341,104,803
Project Deposits	17	123,231,613	172,216,219
Total non-current liabilities		423,360,009	513,321,022
Total liabilities		700,209,690	643,803,025
Net assets		3,123,403,449	3,372,186,695
Reserves		3,558,067,794	3,222,181,680
Accumulated surplus		(434,664,345)	150,005,015
Total assets and liabilities		3,123,403,449	3,372,186,695

The Financial Statements set out on pages 60 and 61 were signed on behalf of the Board of Directors by

Stanvas Ongalo
Ag. Director General

Date: 9th May 2022


Namachanja Geoffrey
Financial Controller
ICPAK MNO. 7763
Date: 9th May 2022


Mon. David Musila, MGH
Chairman
Board of Directors
Date: 9th May 2022

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**XIII. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021**

	Capital Reserve	Revenue Reserves	Revaluation Reserve	Total Kshs.
Balance as at 1st July 2019	3,289,584,443	(137,064,493)	14,635,150	3,167,155,100
Capitalized government grant (16b)	55,026,580	-	-	55,026,580
Total comprehensive income for the year		150,005,015	-	150,005,015
Balance as at 30th June 2020	3,344,611,023	12,940,522	14,635,150	3,372,186,695
Balance as at 1st July 2020	3,344,611,023	12,940,522	14,635,150	3,372,186,695
Capitalized government grant (16b)	185,881,099	-	-	185,881,099
Total comprehensive income for the year		(434,664,345)	-	(434,664,345)
Balance as at 30th June 2021	3,530,492,122	(421,723,823)	14,635,150	3,123,403,449

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Notes	2020-2021 Kshs	2019-2020 Kshs
Cash flow from operating activities			
Net income from Museum operations		(434,664,345)	150,005,015
Adjustments for the year			
Depreciation	7	46,306,572	32,432,325
Operating Income before working capital changes		(388,357,773)	182,437,340
Increase/decrease in receivables		12,822,983	268,082,220
Increase/decrease in inventories		310,084	531,973
increase/decrease in payables		146,367,678	(92,793,530)
Development expenditure	16(b)	(24,422,408)	(19,535,377)
Net cash from operating activities		(253,279,436)	338,722,626
Cash flow from investing activities			
Purchase of property, plant & equipment	14	(209,962,373)	(170,422,792)
Net cash from investing activities		(209,962,373)	(170,422,792)
Cash flow from financing activities			
Development grant from GOK	16(a)	169,327,100	105,133,600
Project deposits		(48,984,606)	43,791,872
Net cash generated from financing activities		120,342,494	148,925,472
Net (decrease)/increase in cash and cash equivalents		(342,899,315)	317,225,306
Cash and cash equivalent as at 30th June 2020		431,406,546	114,181,240
Cash and cash equivalent as at 30th June 2021		88,507,231	431,406,546

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 2021

	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	Performance Difference	Percent
	2020-2021 Kshs	2020-2021 Kshs	2020-2021 Kshs	2020-2021 Kshs	2020-2021 Kshs	
Revenue						
Government Grants and Subsidies						
Recurrent Grant	996,210,000	-	996,210,000	996,210,000	-	0%
Development Grant	30,600,000	-	30,600,000	15,300,000	(15,300,000)	(50%)
Sports Fund – Recurrent	-	39,521,292	39,521,292	54,037,592	14,516,300	36%
Sports Fund- Development	-	-	-	154,027,100	154,027,100	100%
Other incomes:						
Internally Revenue	300,000,000	-	300,000,000	102,277,855	(197,722,145)	(66%)
Project Revenue	-	-	-	272,561,616	272,561,616	100%
Total Income	1,326,810,000	39,521,292	1,366,331,292	1,594,414,163		
Expenses						
Employees Costs	1,059,558,983	-	1,059,558,983	1,141,153,354	(81,594,371)	(7%)
Depreciation	34,475,065	-	34,475,065	46,306,572	(11,831,507)	(34%)
Repairs & Maintenance	15,904,731	-	15,904,731	52,805,798	(36,901,067)	(232%)
Remuneration to Board of Directors	15,609,462	-	15,609,462	13,072,228	2,537,234	16%
General Expenses	211,261,759	-	211,261,759	630,835,864	(419,574,105)	(199%)
Total expenditure	1,336,810,000	-	1,336,810,000	1,884,173,816		
Surplus/ (Deficit) for the period	(10,000,000)	39,521,292	29,521,292	(289,759,653)		

NB: Notes to variance explanations as set out on page 89.

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XV. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

National Museums of Kenya is established by and derives its authority and accountability from National Museums and Heritage Act. The entity wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is establishment of National Museums and the identification, protection, conservation and transmission of the cultural and natural heritage of Kenya

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, financial instruments at fair value and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Organization's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the National Museums of Kenya . The cash flow statement is prepared using indirect method.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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Adoption of New and Revised Standards

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

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Standard	Effective date and impact:
IPSAS 42: Social Benefits	Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2022: (a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. (b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. (c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	Applicable: 1st January 2021: a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and

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Standard	Effective date and impact:
	Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021.

Summary of significant accounting policies

- a) Revenue Recognition
- b) Revenue from non-exchange transactions

Transfers from government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

Government Grants

- i. Recurrent government grant credited to the Statement of Financial Performance based on the payment made by the government of Kenya.
- ii. Development grant is credited to the Statement of Financial Performance based on the amount spent. The unspent amount is deferred until spent.

Project income

These are funds earmarked for specific projects mostly dealing with Research in particular areas. The projects funds are credited to a deposit Account when received and only transfer the amount spent each month to income. In this case, income and expenditure are always the same. The balance remains in the respective deposit account.

c) Taxation

The National Museums of Kenya adheres to taxation laws through timely filing of its tax obligations. VAT and excise duty are exempted on case by case-on application to the National Treasury and Kenya Revenue Authority.

d) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services to the public through gate admissions.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably.

Interest income

Interest income is accrued using the negotiated rate.

Rental income

Rental income arising from operating leases on investment properties is accounted for upon realization.

e) Property, Plant and Equipment

Property, Plant and Equipment is stated at historical cost less accumulated depreciation. The assets are not depreciated in the year of purchase. Depreciation is calculated on the reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life using the following rates:

- | | |
|---------------------------|-------|
| • Motor Vehicles | 25% |
| • Equipment and furniture | 12.5% |
| • Computers | 25% |
| • Buildings | 1% |

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f) Exhibits and Collections

As a policy, no value has been placed on exhibits, study collection and fixtures. Museum Exhibits have no commercial value, and the study collection is priceless.

g) Purchase of Animals

Purchase of primates is expensed in the financial performance statement at the time of purchase.

h) Financial Instruments

(i) Financial Assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The organization determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the organization commits to purchase or sell the asset.

The National Museums of Kenya financial assets include cash and short-term deposits; trade and other receivables.

Derecognition

The organization derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when; The rights to receive cash flows from the asset have expired or is waived, the organization has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the organization has

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transferred substantially all the risks and rewards of the asset; or (b) the organization has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit as appropriate. The National Museums of Kenya determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of borrowings, plus directly attributable transaction costs.

The organization's financial liabilities include trade and other payables, bank overdrafts, financial guarantee contracts.

i) Employee Benefits

(i) Short Term

NMK has employees who carries out day-to-day operations and are entitled to salaries and allowance. The organization recognises these salaries and allowances as expenses, which are charged to financial performance statement.

(ii) Retirement Benefits

NMK operates a defined contribution staff Retirement Benefit Scheme for its employees. The Scheme is administered by Insurance Company of East Africa and is funded by contribution from both NMK and the employees. It also pays gratuity to staff on contract. NMK's contribution is charged to the financial performance statement in the year to which they relate. NMK also contributes to a statutory defined scheme; the National Social Security Fund (NSSF) contributions are determined by local statute and are currently vary according to basic salary per employee per month.

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j) Nature and Purpose of Reserves

(a) Capital Reserve

The organization creates and maintains reserves in terms of specific requirements. National Museums of Kenya has capital reserves and revaluation reserves. Reserves are monies budgeted, collected and set aside for replacement or deferred maintenance to the capital improvements. Boards establish reserve accounts for the future replacement or deferred maintenance of the common areas.

Reserve funds enable the organization to maintain the common areas with a reduced risk of special assessments and minimize the impact of financial challenges. The fund establishes and preserves reserves for a strong financial position to meet future expenditures and reduce the potential for reduction in property values.

(b) Revenue Reserve

A reserve, which is created out of the revenue profit, is called revenue reserve. Revenue profit is earned in the normal course of the business. Revenue reserve refers to the undistributed revenue profit. It is created for strengthening the financial position, replacing depreciable assets, redeeming liabilities and conducting research and development functions.

(c) Revaluation Reserve

A revaluation reserve is an increase in the value of fixed assets. Asset revaluation reserve is an accounting concept and represents a reassessment of the value of a capital asset as at a particular date. The reserve is considered a category of the equity of the entity. An asset is originally recorded in the accounts at its cost and depreciated periodically over its estimated useful life as a measure of the amount of the assets value consumed in that period. In practice, the actual useful life of an asset can be miscalculated or an event can cause a change to the useful life. Consequently, assets occasionally need to be revalued in order to reflect a closer approximation to their "worth" in the accounts. When the asset is revalued, the offsetting entry (in a double entry accounting system) would be made either to the profit or loss accounts or to the equity of the entity.

k) Branches

The regional stations reports are incorporated in these financial statements.

l) Translation of Foreign Currency

Translations in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities, which are expressed in foreign currency, are translated into "Kenya Shillings" at rates ruling at the date in the financial position statement. The resulting difference from the conversion and translation are dealt with in the financial performance statement in year, which they arise.

m) Research and Development

Research and Development expenses are expensed through Financial Performance statement in the year are incurred.

n) Budget Information

The annual budget for the period 2020/2021 was prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

o) Related Parties

The National Museums of Kenya regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the organization, or vice versa. Members of key Management are regarded as related parties and comprise the Directors Executive Team.

p) Comparative Figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

q) Provisions

Provisions are recognized when the organization has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

r) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorised officers, which were not surrendered or accounted for at the end of the financial year.

s) Inventories

Inventory is measured at the lower of cost and net realizable value.

t) Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

Useful Lives and Residual Values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i. The condition of the asset based on the assessment of experts employed by the Entity
- ii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii. The nature of the processes in which the asset is deployed
- iv. Availability of funding to replace the asset
- v. Changes in the market in relation to the asset

u) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

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3(a) Transfers from Government Entities

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Operational Grant -Recurrent	996,210,000	1,544,200,000
-Development	15,300,000	41,000,000
Sport Fund – Recurrent	54,037,592	31,541,746
- Development	154,027,100	64,133,600
Total	1,219,574,692	1,680,875,346

3(b) Transfers from Ministries, Departments and Agencies

Name of the Entity Sending the Grant	Amount Recognized to Statement of Comprehensive Income Kshs	Amount Deferred Under Deferred Income Kshs	Amount Recognised in Capital Fund. Kshs	Total Grant Income During the Year Kshs	2019-2020 Kshs
Ministry of Sports	996,210,000	-	-	996,210,000	1,544,200,000
Ministry of Sports	24,422,408	-	185,881,099	210,303,507	105,133,600
Sport Fund	54,037,592	-	-	54,037,592	31,541,746
Total	1,074,670,000	-	185,881,099	1,260,551,099	1,680,875,346

Note: The grant of Kshs. 210,303,507 comprises of GOK grant and Sport Fund Grant.

4. PROJECT INCOME

	2020-2021 Kshs.	2019-2020 Kshs.
Project Income HQ	143,683,999	123,709,402
Project Admin Income	3,243,797	19,226,954
Project income IPR	125,633,820	152,765,879
Total	272,561,616	295,702,235

5. OTHER INCOMES

Admission fee	46,010,998	203,432,498
Rental income	13,676,785	22,613,088
Sale of publications and artifacts	1,537,756	9,319,015
Sale of soft drinks	283,864	1,133,392
Sale of casts	4,158,260	586,926
Sundry income	36,610,192	43,709,076
Total	102,277,855	280,793,995

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6. EMPLOYEE COSTS	2020-2021	2019-2020
	Kshs.	Kshs.
Salaries	944,816,715	977,028,065
Gratuity and pensions	112,286,291	323,889,542
Medical	54,373,858	53,792,731
Training	27,127,279	24,845,982
Staff welfare and uniforms	2,549,211	3,824,199
Total	1,141,153,354	1,383,380,519
7. DEPRECIATION EXPENSE		
Property , plant and equipment(note 14)	46,306,572	32,432,325
Total	46,306,572	32,432,325
8. REPAIRS AND MAINTENANCE		
Vehicle expenses- Maintenance/spares	10,229,453	9,653,999
Equipment repairs and maintenance	13,225,641	4,718,694
Maintenance of buildings	15,695,145	8,314,732
Maintenance of monuments	13,557,727	8,750,753
Cage maintenance	97,832	606,925
Boat Maintenance	-	1,200
Cage Construction	-	845,635
Total	52,805,798	32,891,938
9. BOARD OF DIRECTORS EXPENSES		
Lunch	262,000	558,000
Phone Expenses	60,000	70,000
Insurance	2,662,817	1,086,799
Sitting allowance	5,600,000	7,080,000
Accommodation/per diem	1,874,600	3,057,600
Air fare	109,680	357,065
Board meeting Expenses	857,755	812,790
Mileage	685,376	1,370,190
Honoraria for Chairman	960,000	1,120,000
Total	13,072,228	15,512,444

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	2020-2021	2019-2020
	Kshs.	Kshs.
10. GENERAL EXPENSES		
Administrative costs	33,312,728	42,839,872
Transport and travel expenses	157,739,593	184,193,898
Contracted professional services	15,075,263	47,278,772
Office and other expenses	193,690,430	141,061,401
Advertising and publicity	18,488,900	8,555,786
Telephone and postage	11,316,779	13,237,489
Electricity and water	23,207,259	21,773,956
Purchases and other direct inputs	178,004,912	98,609,938
Total	630,835,864	557,551,112

11. CASH AND CASH EQUIVALENTS

Description		
Current accounts	88,497,181	431,389,496
Others(cash at hand)	10,050	17,050
Total	88,507,231	431,406,546

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11(a). Detail Analysis of the cash and cash equivalents

Financial Institution	Account Number	2020-2021	2019-2020
		Kshs.	Kshs.
a) Current Account			
Nairobi Museum, SCB Westland	0108035107801	246,675	33,811
Recurrent HQs, SCB	0108035107900	3,894,172	11,325,016
Development HQs, KCB	1106829379	2,774,598	2,505,578
Salaries, SCB Westland	0108033746400	10,596,096	110,614,154
Commercial , SCB Westland	0108035436500	654,052	1,322,662
Fund A/C, SCB Westland	0108034593700	1,788,195	5,843,123
Project HQs, SCB Westland	0108035107800	2,971,798	22,738,801
Lodwar, KCB Lodwar	1107592267	41,162	142,605
Karen Blixen Savings, SCB Karen	0152092944700	21,970	1,234,510
Dollar HQs, SCB Westland	8708035107900	208,230	3,334,511
Karen Blixen Recurrent, SCB Karen	0102044888600	462,979	544,793
Natural Products Industry HQs, SCB Chiromo	0108035107901	5,737,039	16,001,650
Sports Fund , KCB Lamu	1104778343	2,561,276	86,071,252
Recurrent IPR, SCB Karen	0102044700001	639,917	141,711,161
Dollar IPR, SCB Karen	8702044700000	5,745,926	11,433,813
IPR Project, SCB Karen	0102044700000	8,289,338	1,591,524
CNHR Project A/C, SCB Karen	0102044700002	1,684,790	713,616
IPR MMUST, SCB Karen	0108044700000	2,876,532	1,374,531
IPR Predict, SCB Karen	0102044700004	29,322,466	-
IPR GCC ,SCB Karen	0102044700003	170,221	183,181
IPR Snake bit, SCB Westland	0108035107802	1,009,806	9,540,073
Fort Jesus, KCB Treasury SQ. Mombasa	1106548876	91,767	23,441
Fort Jesus Project, KCB	1106548809	3,606,741	1,125,063
Gede Ruins- KCB Malindi	1108000584	9,349	122,010
Lamu ,KCB Lamu	1104778173	120,845	128,786
Lamu Projects, KCB Lamu	1104778505	1,336,628	192,533
Meru, SCB Meru	0102063108500	12,940	181,968
Kapenguria, KCB Kapenguria	1106216474	72,694	163,691
Baringo, KCB Kabarnet	1103642324	1,616	918
Kisumu, SCB Kisumu	0102055059500	461,079	163,480
Narok, KCB Narok	1107720796	126,497	55,985
Nakuru Hyrax, SCB Nakuru	0152054858500	958,158	970,458
Kitale, SCB Kitale	0102036056900	1,629	798
TOTAL		88,497,181	431,389,496

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11 (b) Others (Cash at Hand)

STATION	30 JUNE 2021	30 JUNE 2020
	Kshs.	Kshs.
Headquarters	-	-
Nairobi Museum	-	-
IPR	5,650	4,400
Lamu Museum	-	-
Fort Jesus Museum	-	-
Mombasa Butterfly House	-	-
Gede museum	-	-
Karen Blixen Museum	-	-
Kisumu Museum	-	-
Meru Museum	-	-
Kitale Museum	-	-
Nairobi Gallery	-	-
Jumba La Mtwana	-	-
Uhuru Gardens	-	-
Maralal	-	-
Rabai	-	-
Malindi	-	-
Mnarani	-	-
Narok	-	12,000
Kabarnet	-	-
Koobi Fora	-	-
Kapenguria	-	-
Olorgesailie	4,400	650
TOTAL	10,050	17,050

12. (a) CURRENT RECEIVABLES

Description	2020-2021	2019-2020
	Kshs.	Kshs.
Trade Receivables	11,474,523	8,391,777
Prepayments	3,697,504	10,166,257
Deposits	1,507,368	1,507,368
Total	16,679,395	20,065,402

12 (b) CURRENT RECEIVABLES

Description		
Staff Debtors	21,610,060	20,547,036
GOK Grant	10,000,000	20,500,000
Total	31,610,060	41,047,036

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13. INVENTORIES

Description	2020 – 2021 Kshs.	2019 – 2020 Kshs.
Publications	558,984	801,689
Crafts	309,095	355,340
Soft drinks	10,803	31,937
Total	878,882	1,188,966

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14 WORK IN PROGRESS, PROPERTY, PLANT AND EQUIPMENT

	PROPERTY		WORK IN PROGRESS		PLANT AND EQUIPMENT			TOTAL
	LAND	BUILDINGS			FURNITURE	COMPUTERS	VEHICLES	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
COST/ VALUATION								
As at 1st July, 2019	1,575,127,445	1,183,085,581	655,593,271	251,227,829	84,822,213	133,619,587	3,883,475,926	
Additions during the year	-	-	53,872,580	85,723,687	7,998,077	22,828,448	170,422,792	
Completed works during the year	-	-	-	-	-	-	-	
As at 30th June 2020	1,575,127,445	1,183,085,581	709,465,851	336,951,516	92,820,290	156,448,035	4,053,898,718	
DEPRECIATION								
As at 1st July 2019	-	152,839,029	-	181,618,634	68,489,845	96,237,115	499,184,623	
Charge for the Year	-	10,302,466	-	8,701,149	4,083,092	9,345,618	32,432,325	
As at 30th June, 2020	-	163,141,495	-	190,319,783	72,572,937	105,582,733	531,616,948	
COST/ VALUATION								
As at 1st July, 2020	1,575,127,445	1,183,085,581	709,465,851	336,951,516	92,820,290	156,448,035	4,053,898,718	
Additions during the year	-	-	185,881,099	13,349,803	4,911,471	5,820,000	209,962,373	
Completed works during the year	-	-	-	-	-	-	-	
As at 30th June 2021	1,575,127,445	1,183,085,581	895,346,950	350,301,319	97,731,761	162,268,035	4,263,861,091	
DEPRECIATION								
As at 1st July 2020	-	163,141,495	-	190,319,783	72,572,937	105,582,733	531,616,948	
Charge for the Year	-	10,199,441	-	18,328,967	5,061,838	12,716,326	46,306,572	
As at 30th June, 2021	-	173,340,936	-	208,648,750	77,634,775	118,299,059	577,923,520	
NET BOOK VALUES								
As at 30th June, 2021	1,575,127,445	1,009,744,645	895,346,950	141,652,569	20,096,986	43,968,976	3,685,937,571	
NET BOOK VALUES								
As at 30th June, 2020	1,575,127,445	1,019,944,086	709,465,851	146,631,733	20,247,353	50,865,302	3,522,281,770	

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15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2020-2021	2019-2020
	Kshs.	Kshs.
Trade payables	180,232,501	79,408,929
Payments received in advance	1,338,000	1,338,000
Other payables	76,054,264	49,735,074
Third party payments	19,224,916	-
Total	276,849,681	130,482,003

Third party payments relate to staff deductions made and have not yet been submitted to respective Sacco's and welfares as at 30th June 2021.

16. (a) DEFERRED GOVERNMENT GRANT

Balance b/fwd.	341,104,803	310,533,160
G.o.K Development Grant received	169,327,100	105,133,600
Less amount spent 16(b)	(210,303,507)	(74,561,957)
Total	300,128,396	341,104,803

16(b) Capital expenditure	185,881,099	55,026,580
Revenue expenditure	24,422,408	19,535,377
Total	210,303,507	74,561,957

17. PROJECT DEPOSITS

Opening balance	172,216,219	128,424,347
Add receipts during the year	223,577,010	339,494,107
Total Deposits	395,793,229	467,918,454
Less expenditure (4)	272,561,616	295,702,235
Balance c/f	123,231,613	172,216,219

The project revenue is funds from various donors used for research activities carried out by NMK Scientists

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19. RELATED PARTY DISCLOSURES

These financial statements include the financial statements of the organization

(a) Related Party Transactions		2020-2021	2019-2020
Transfers from Ministry of Sports, Culture and the Arts	Recurrent Development	996,210,000	1,544,200,000
Transfers from Sports, Arts & Social Development Fund	Recurrent Development	15,300,000	41,000,000
		54,037,592	31,541,746
		154,027,100	64,133,600
Total		1,219,574,692	1,680,875,346

(b) Key Management Personnel

The key management personnel, as defined by IPSAS 20 Related Party Disclosures, are the members of Director's Executive Team. The total remuneration of members of Director's Executive Team, on a full-time basis, receiving remuneration from the Organization is:

	2020-2021 Kshs.	2019-2020 Kshs.
Key Management Remuneration	32,912,466	31,095,481
Total	32,912,466	31,095,481

20. COMMITMENTS AND CONTINGENCIES

Capital Commitments

The organization in this financial year has no capital commitments. At the year end, the organization had the following contingent liabilities. National Social Security Fund (N.S.S.F) arrears amounting to Kshs. 169,758,078 which relates to unpaid contributions of Kshs. 14,543,360 being principal amount and accrued interest penalty of Kshs. 155,214,718 as tabulated by NSSF. Also pension arrears accrued previous interest amounting to Kshs. 370,762,032 which relates to previous accumulated interest of Kshs. 331,774,273 and accrued interest penalty during the year of Kshs. 38,987,759

The organization was not able to settle all historical pending bills for recurrent and development as directed by The National Treasury due to the covid-19 pandemic, which at year-end stood at Kshs. 129,492,525 and Kshs.31,643,159.90 respectively and are likely to attract penalties and litigations.

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Operating Lease Rentals

The National Museums of Kenya has no operating lease rentals for the financial year 2020/2021.

21. FINANCIAL RISK MANAGEMENT POLICIES

The National Museums of Kenya's financial risk management objectives and policies are as detailed below:

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2 to the financial statements.

Financial Risk Management Objectives

The organizations activities expose it to a variety of financial risks including credit risk, liquidity risks, interest rate and the effects of changes in foreign currency rates. The National Museums of Kenya's overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

Interest Rate Risk

The interest rate risk exposure arises mainly from interest rate movements on the company's cash balances.

At 30 June 2021, if the interest rates on the bank balances had decreased/increased by 5 percentage points with all other variables held constant, the impact on surplus for the year would have been Shs. 4,425,362 (2020: Sh. 21,569,475) higher/lower.

There has been no change to the company's exposure to interest rate or the manner in which it manages and measures the risk.

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Credit Risk Management

The organization's credit risk is primarily attributable to its other receivables and bank balances.

The amounts of receivables presented in the statement of financial position, estimated by the organization's management based on prior experience and their assessment of the current economic environment.

The credit risk on receivables is limited because the organization does not rely on them.

The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit ratings.

The amount that best represents the organization's maximum exposure to credit risk as at 30 June 2021 is as follows:

	Fully Performing Kshs.	Past Due Kshs.	Total Kshs.
Bank Balances	88,507,231	-	88,507,231
Trade Receivables	11,458,195	-	11,458,195
Staff Debtors	21,610,060		21,610,060
Total	121,575,486		121,575,486

The amount that best represents the Centre's maximum exposure to credit risk as at 30 June 2020 is as follows:

	Fully Performing Kshs.	Past Due Kshs.	Total Kshs.
Bank Balances	431,389,496	-	431,389,496
Trade Receivables	8,391,777	-	8,391,777
Staff Debtors	20,547,036		20,547,036
Total	460,328,309		460,328,309

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Management, who have built an appropriate framework. The organization manages liquidity risk by maintaining

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enough required funds for its operations through continuous monitoring of forecast and actual cash flows

The table below shows the maturity analysis of the financial liabilities that affect liquidity:

As at 30 June 2021

	Less than 1 Year	Over 1 Year	Impaired	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Payables	95,279,180	-	-	95,279,180
Payables	-	181,570,501	-	181,570,501
Total	95,279,180	181,570,501		276,849,681

As at 30 June 2020

	Less than 1 Year	Over 1 Year	Impaired	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Payables	8,077,618	-	-	8,077,618
Payables	-	122,404,385	-	122,404,385
Total	8,077,618	122,404,385	-	130,482,003

Exchange risk

The National Museums of Kenya holds some of its bank balances in foreign currency. The fluctuations in currency exchange rates result in changes in the value of the monetary assets denominated in foreign currency hence expose the Centre to the risk of incurring exchange losses. The monetary assets held in foreign currency are closely monitored to ensure that they are not materially affected by adverse foreign currency fluctuations. There are no other foreign currencies denominated financial assets or liabilities.

At year end, the foreign currency bank account had the following balance:

	AMOUNT In foreign Currency \$	AMOUNT Kshs.
At 30 June 2021		
US dollar bank account HQs	2,021.65	208,230
US dollar bank account IPR	54,497.04	5,745,926
At 30 June 2020		
US dollar bank account HQs	31,583.54	3,334,511
US dollar bank account IPR	121,071.80	11,433,813

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As at 30 June 2021, an increase/decrease of 10% in the Dollar exchange rates to the Kenya Shilling would have resulted in an increase/decrease in the deficit for the year of Kshs. 595,416(2020 Kshs. 1,476,832).

Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2020 – 2021	2019 – 2020
	Kshs.	Kshs.
Revaluation Reserve	14,635,150	14,635,150
Retained earnings	(421,723,823)	12,940,522
Capital Reserve	3,530,492,122	3,344,611,023
Total funds	3,123,403,449	3,372,186,695
Total borrowings	-	-
Less: Cash and bank balances	88,507,231	431,406,546
Net debt (Excess cash and cash equivalents)	88,507,231	431,406,546

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1. The financial statements reflect material difference between the budget and actual amounts. The internal revenue target as approved in the revised budget estimates was not realised due nationwide museums closure to visitors following covid-19 pandemic.

Depreciation was over the approved budgetary allocation due to under provision while repair and maintenance exceeded approved estimates as a result of increased repairs on equipment, buildings and motor vehicles as well as rehabilitation of sites and monuments activities due to funding by the Sports, Arts and Social Development Fund.

The general expenses exceeded ceilings due to increased unavoidable activities during the year under review because of covid-19 expenses.

In relation to Board Expenses, overall, they were within budgetary allocation. However, sitting and subsistence, mileage and lunch allowances as well as meeting expenses were over spent due to number of meetings held during the year. The Chairman honoraria was within the budgetary allocations while over expenditure on medical insurance was as a result of under provision on allocations.

2. Changes from original budget are a consequence of government variations through normal budgetary process for both recurrent and development grants. Subsequently, a number of other factors that affect our internal revenue generation also results to alterations in budget to enable the organization to continue with its operations with minimal interruptions.

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XVI. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor for 2018/2019 Financial Year. The nominated focal persons resolved the various issues as shown below with the associated period within which we expect the issues to be resolved.

Reference No. on the External Audit Report	Issue / Observations from Auditor	Management Comments	Focal Point Person to Resolve the Issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2018/2019					
1	Cash and cash equivalents				
1.1	Cash and Cash Equivalent – Long outstanding Reconciling Items				
	As previously reported, (i) Account No.01080-337464-00 for salaries reflected unexplained debits amounting to Kshs. 573,170 which had been outstanding since 1999. As at this our audit the management had not recovered the debts from Standard Chartered Bank and the issue remains unresolved.	i)The information on unexplained debits amounting to Kshs. 573,170 has been availed for audit review.	Director General and Directors of NMK directorates.	i)The issue has been resolved.	Financial Year 2019/2020.

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Reference No. on the External Audit Report	Issue / Observations from Auditor	Management Comments	Focal Point Person to Resolve the Issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.2	(ii) The Fund-Holding Account No.01080-345937-00 showed an erroneous payment of Kshs. 2,000,000 in December, 2016 to Jowas Limited. The Management recovered Kshs. 1,312,000 leaving a balance of Kshs. 1,688,000 as at 30 June, 2019.	ii) Outstanding balance of Kshs. 1,688,000 still pending.		ii) This matter is in court	
	(iii) The Development Account No.1106829379 reflected an amount of Kshs. 838,475 out of which Kshs. 196,750 had been a reconciling item since February, 2017. In the circumstances, the accuracy and completeness of cash and cash equivalent balance of Kshs. 114,181,240 as at 30 June, 2019 could not be confirmed.	iii) Unreconciled balance of Kshs. 196,750		iii) Resolved	Financial Year 2019/2020
	PROPERTY, PLANT AND EQUIPMENT As previously reported, the statement of financial position as at 30 June, 2019 reflected Property, Plant and Equipment balance of Kshs. 3,386,491,026 out of which Kshs. 1,575,127,445 was in respect of value of one hundred and fifty (150) parcels of land spread across the Country. As previously reported, only forty-three (43) parcels of land had title deeds while the remaining 107 parcels had either partial or no ownership documents at all as follows:	The cost is substantial and requires government intervention to speed up the process, as Heritage	Director General and Directors of NMK Directorates	Not yet resolved	This may take time to be resolved.

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Reference No. on the External Audit Report	Issue / Observations from Auditor			Management Comments	Focal Point Person to Resolve the Issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	S/N	No. of parcels of land	Status	Management is a big challenge. The National Museums of Kenya has previously engaged the National Land Commission and Ministry of Lands and will keep on seeking for their support to help resolve some of these issues			
	1	56	Gazetted heritage sites reserved for Museums but have no ownership documents				
	2	23	Surveyed but have not been registered in the name of National Museums of Kenya				
	3	12	Land without documents but in use by the National Museums				
	4	10	Not surveyed but have letters of allotment				
	5	6	Proposed sites for Museums development but not gazetted				
Total			107				
			With partial or no ownership documents				

Further, the Property, Plant and Equipment balance excluded the carrying amount for parcels of land allocated to the Museums by the National and County Governments at no consideration which had not been valued for inclusion as at 30 June, 2019.

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Reference No. on the External Audit Report	Issue / Observations from Auditor	Management Comments	Focal Point Person to Resolve the Issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.2.2	Incomplete Fixed Assets Register As previously reported, National Museums of Kenya did not maintain a complete Fixed Assets Register. Instead, fixed assets are supported by schedules drawn using Sun System that does indicate vital assets information such as summary of assets acquired or disposed off during year under review, acquisition cost, acquisition date, payment details, assets revalued and the new values.	The management wish to respond that there is a fixed asset register. The current register system has acquisition cost, date, serial number, user and supplier through asset diary entry.	Director General and Directors of NMK directorates.	Resolved	Financial Year 2019/2020

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Reference No. on the External Audit Report	Issue / Observations from Auditor	Management Comments	Focal Point Person to Resolve the Issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.2.3	Heritage Assets As previously reported, National Museums of Kenya did not disclose or recognize the heritage assets that have future economic benefits or service potential other than their heritage value such as the historic buildings being used for office accommodation. It also failed to disclose those heritage assets whose future economic benefits or service potential is limited to their heritage characteristics, for example, monuments and ruins.	The management has a list of Heritage sites. Funds will be sourced for preparation of a fixed Heritage assets register	NMK Board of Directors, Director General and Directors of NMK directorates.	Not yet resolved	This may take time to be resolved.
1.2.4	Valuation of assets As previously reported, the National Museums of Kenya fixed assets have not been revalued for a long time. Additionally, the assets have not been tagged. In the circumstances, it has not been possible to confirm ownership, accuracy, security, valuation of the 107 parcels of land and the Property, Plant and Equipment balance of Kshs. 3,386,481,026 as at 30 June, 2019.	The management will request for funds from the National Treasury to carrying out revaluation of the land in the	Director General and Financial Controller	Not yet resolved	In subsequent Financial Years.

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Reference No. on the External Audit Report	Issue / Observations from Auditor	Management Comments	Focal Point Person to Resolve the Issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.3 1.3.1	Receivables Receivables from Exchange Transactions- Long Outstanding Rent Arrears As previously reported, the statement of financial position as at 30 June, 2019 reflect an amount of Kshs. 21,615,130 as receivables from exchange transactions. Included in this figure is Kshs. 5,421,251 relating to staff rent arrears that have been outstanding for a long time with some dating back to 2013/2014 financial year. The Management did not demonstrate any efforts towards recovery of the above rent arrears.	next budget circle.	Director General and Directors of NMK Directorates	Resolved	Current Financial Year 2019/2020
1.3.2	Receivables from Non-Exchange Transactions (i) Salary advance As previously reported, note 12(b) to the financial statements reflected total staff debtors balance of Kshs. 17,579,528. Included in this balance is salary advance of Kshs. 167,719.44 held by staff who have since resigned,	i) The management has made efforts to	Director General and Directors of NMK Directorates	Resolved	

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Reference No. on the External Audit Report	Issue / Observations from Auditor	Management Comments	Focal Point Person to Resolve the Issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	services terminated or deceased. No appropriate provision had been made for these doubtful debts.	recover salary advances held by staff who have since resigned, services terminated or deceased.			
	(ii) Long Outstanding Imprests As previously reported, Further, the staff debtors balance of Kshs. 17,579,528 also includes Kshs. 16,832,676 in respect of outstanding imprests which had not been surrendered by due dates, in contravention of Section 9(3) and (4) of the Public Finance Management Regulations, 2015. Management did not demonstrate any efforts towards recovery of the outstanding imprests through the payroll. Projects Receipts.	ii) All imprest taken will be surrendered within the required period. The overdue unsurrendered imprest is being recovered fully through the payroll as provided in the law. Most of the imprests have since	Director General and Financial Controller	Resolved	Financial Years 2019/2020

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Reference No. on the External Audit Report	Issue / Observations from Auditor	Management Comments	Focal Point Person to Resolve the Issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.4	Projects Receipts As previously reported, During the year under review National Museums of Kenya received grants from foreign institutions amounting to Kshs. 250,449,815.60. Included in the project balances are negative balances amounting to Kshs. 68,211,523.87. This amount reduced the reported balances for projects by Kshs. 68,211,523.87. The negative balances were as a result reallocation of funds from one project to the other. No documents were availed for audit verification in support of authorization of these reallocations. The Project balances of Kshs. 68,211,532.87 could therefore, not be confirmed.	been surrendered and accounted for. The NMK management will ensure that clear modalities and guidelines are put in place regarding authorization of reallocations in future.	Director General and Directors of NMK Directorates	Not Yet resolved	Financial year 2019/2020

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XVII. Appendix 1: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the Funds	Date Received As Per Bank Statement	Nature: Recurrent/ Development	Total Amount -- KES	Where Recorded/ Recognized					Total Transfers During the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - Must be Specific	
Ministry of Sports, Culture and Heritage	2.09.2020	Recurrent	249,052,500	249,052,500	-	-	-	-	249,052,500
Ministry of Sports, Culture and Heritage	10.11.2019	Recurrent	249,052,500	249,052,500	-	-	-	-	249,052,500
Ministry of Sports, Culture and Heritage	5.02.2020	Recurrent	249,052,500	249,052,500	-	-	-	-	249,052,500
Ministry of Sports, Culture and Heritage	12.05.2020	Recurrent	249,052,500	249,052,500	-	-	-	-	249,052,500
Ministry of Sports, Culture and Heritage	24.06.2021	Recurrent	5,000,000	5,000,000	-	-	-	-	5,000,000
Ministry of Sports, Culture and Heritage	2.09.2020	Recurrent	5,000,000	5,000,000	-	-	-	-	5,000,000

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Name of the MDA/Donor Transferring the Funds	Date Received As Per Bank Statement	Nature: Recurrent/ Development	Total Amount – KES	Where Recorded/ Recognized					Total Transfers During the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - Must be Specific	
Heritage									
Ministry of Sports, Culture and Heritage	2.09.2020	Recurrent	5,950,000	5,950,000	-	-	-	-	5,950,000
Ministry of Sports, Culture and Heritage	2.07.2021	Development	10,000,000	-	-	-	10,000,000	-	10,000,000
Ministry of Sports, Culture and Heritage	4.09.2020	Development	5,300,000	5,300,000	-	-	-	-	5,300,000
Ministry of Sports, Culture and Heritage	14.10.2020	Recurrent	40,200,000	40,200,000	-	-	-	-	40,200,000
Ministry of Sports, Culture and Heritage	10.11.2020	Recurrent	5,875,000	5,875,000	-	-	-	-	5,875,000
Ministry of Sports, Culture and Heritage	5.02.2021	Recurrent	5,987,500	5,987,500	-	-	-	-	5,987,500

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Name of the MDA/Donor Transferring the Funds	Date Received As Per Bank Statement	Nature: Recurrent/ Development	Total Amount - KES	Where Recorded/ Recognized					Total Transfers During the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - Must be Specific	
Ministry of Sports, Culture and Heritage	5.02.2021	Recurrent	5,000,000	5,000,000	-	-	-	-	5,000,000
Ministry of Sports, Culture and Heritage	8.02.2021	Recurrent	5,000,000	5,000,000	-	-	-	-	5,000,000
Ministry of Sports, Culture and Heritage	24.06.2021	Recurrent	5,987,500	5,987,500	-	-	-	-	5,987,500
Total			1,095,510,000	1,085,510,000	-	-	10,000,000	-	1,585,200,000



Ag. Director General
Date: 9th May 2022.

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XVIII. Appendix 2: INTER-ENTITY TRANSFERS

ENTITY NAME: NATIONAL MUSEUMS OF KENYA				
Break down of Transfers from the State Department of Sports, Culture and Heritage				
FY 19/20				
a. Recurrent Grants	Bank Statement Date	Amount (Kshs)	Indicate the FY to Which the Amounts Relate	
Ministry of Sports, Culture and Heritage	2.09.2020	249,052,500	2020/2021	
Ministry of Sports, Culture and Heritage	10.11.2020	249,052,500	2020/2021	
Ministry of Sports, Culture and Heritage	5.02.2021	249,052,500	2020/2021	
Ministry of Sports, Culture and Heritage	12.05.2021	249,052,500	2020/2021	
Total		996,210,000		
b. Other Recurrent Grants				
Ministry of Sports, Culture and Heritage	2.09.2020	5,000,000	2020/2021	
Ministry of Sports, Culture and Heritage	2.09.2020	5,950,000	2020/2021	
Ministry of Sports, Culture and Heritage	10.11.2020	5,875,000	2020/2021	
Ministry of Sports, Culture and Heritage	5.02.2021	5,987,500	2020/2021	
Ministry of Sports, Culture and Heritage	5.02.2021	5,000,000	2020/2021	
Ministry of Sports, Culture and Heritage	8.02.2021	5,000,000	2020/2021	
Ministry of Sports, Culture and Heritage	14.10.2020	40,200,000	2020/2021	
Ministry of Sports, Culture and Heritage	24.06.2021	5,987,500	2020/2021	
Ministry of Sports, Culture and Heritage	24.06.2021	5,000,000	2020/2021	
Total		84,000,000		
c. Development Grants	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate	
Ministry of Sports, Culture and Heritage	4.09.2020	5,300,000	2020/2021	
Ministry of Sports, Culture and Heritage	2.07.2021	10,000,000	2020/2021	
Total		15,300,000		



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NOTES:

1. The National Museums of Kenya confirms receipt of Kshs.10million for financial year 2020/2021 received on 02/07/2021

The above amounts have been communicated to and reconciled with the Parent Ministry

Financial Controller
National Museums of Kenya

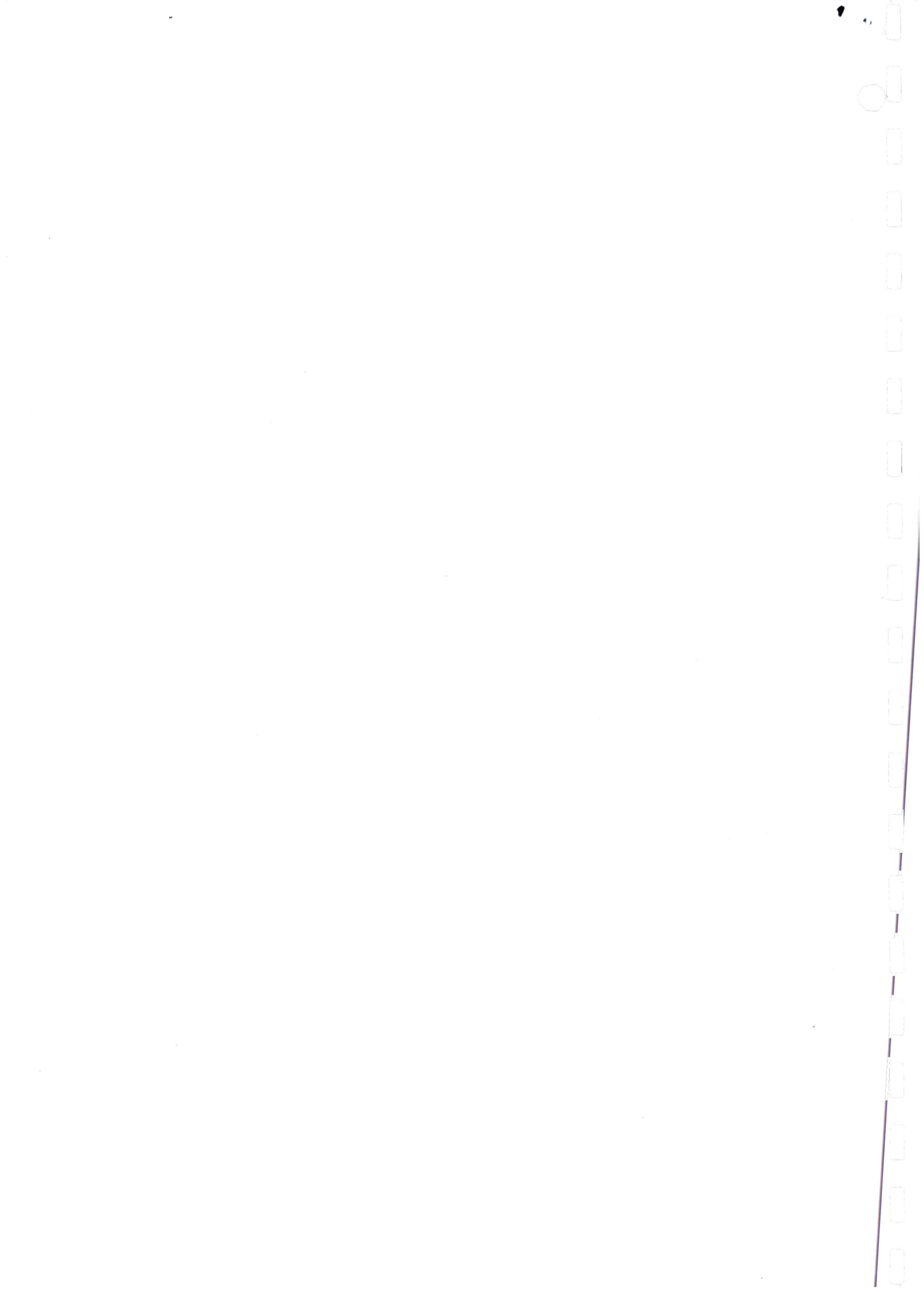
Sign 
CPA Geoffrey Namachanja

Date: 9th May, 2022

Head of Accounting Unit
State Department of Culture and Heritage

Sign 
CPA Peter Kabebe

Date: 9th May, 2022



NATIONAL MUSEUMS OF KENYA
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Appendix 3: INTER- ENTITY TRANSFERS

ENTITY NAME: NATIONAL MUSEUMS OF KENYA				
Break down of Transfers from the State Department of Sports.				
FY 19/20				
a. Recurrent Grants				
	Bank Statement Date	Amount (Kshs)	Indicate the FY to Which the Amounts Relate	
	Ministry of Sports, Culture and Heritage	39,521,292	2020/2021	
	Ministry of Sports, Culture and Heritage	5,000,000	2020/2021	
	Ministry of Sports, Culture and Heritage	9,516,300	2020/2021	
	Total	54,037,592		
b. Development Grants				
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate	
	Ministry of Sports, Culture and Heritage	14,857,500	2020/2021	
	Ministry of Sports, Culture and Heritage	102,169,600	2020/2021	
	Ministry of Sports, Culture and Heritage	37,000,000	2020/2021	
	Total	154,027,100		

The above amounts have been communicated to and reconciled with the Parent Ministry

Financial Controller
National Museums of Kenya

Sign 
CPA Geoffrey Namachanja

Date: 9th May, 2022

Head of Accounting Unit
State Department of Sports.

Sign 
CPA Samsan Ongalo

Date: 9th May, 2022

